

Mr Carter calls on Spain to join ranks of Nato alliance

Carter, arriving in Madrid amid reinforced security against Basque terrorism, called on Spain to join the EEC. He hailed the establishment and growth of democracy in Spain as "a tonic for the entire Western world" and as a lesson in moderation.

Ports to enter EEC applauded

President Jimmy Carter today applauded the Spanish Government's decision to apply for membership in the European Community. He hailed the establishment and growth of democracy in Spain as "a tonic for the entire Western world" and as a lesson in moderation.

Mr Carter, who delivered his entire speech in Spanish, praised Spain for establishing democracy after almost four decades of authoritarian rule by General Franco, who died in 1975.

The growth of Spanish democracy has been a tonic for the entire Western world, he said. "Spain's experience holds lessons about resolution, moderation and self-control—lessons for other democracies and for new countries of the Third World."

The President indirectly acknowledged the difficulties faced by Spain's centrist Government in deciding to seek Nato membership by 1983 despite opposition from the left. "We fully recognize that this is a decision to be taken solely and exclusively by Spain in its own time and in its own way," he said. "Our nation will give full support to your decision once it has been made."

Spain's present contribution to Western defence is a five-year friendship and cooperation agreement with the United States, under which American forces have the use of four Spanish military bases in return for \$1.2 billion (about £520m) in military and economic aid.

The agreement expires next year, and President Carter said the security relationship that had served the interests of Spain and the United States well would be reviewed this year.

11pc target foreseen in Civil Service pay round

By Fred Emery Political Editor

A rise of no more than 11.12 per cent for central government employees in the coming year's pay round is emerging as the target being set by senior ministers. This, it was learnt authoritatively yesterday, would be the example Mrs Margaret Thatcher has vowed to set the rest of the country's employers in intensifying the Government's battle against inflation.

At the same time Sir Geoffrey Howe, Chancellor of the Exchequer, said in a speech that union insistence of rises to match prices would, if continued, verge on the suicidal.

The Prime Minister apparently favours an even lower figure, inside single figures, but Sir Geoffrey and other ministers are said to be ready to argue that the screw cannot be turned too tightly. The final decision has yet to be made as Cabinet committee discussions on Civil Service pay continue.

Ministers have been strongly pressing the Government's theme these past few weeks that wage earners must accept pay increases below the rate of inflation, running at an annual rate just under 22 per cent. But this is the first indication of how far below the rate the Government is aiming.

By the time pay discussions begin in the autumn ministers are hoping they are not totally convinced that the annual rate below 20 per cent. Their policy of "strategic" pay is that their stringency will not provoke massive industrial action. However, they admit that the outlook with local government employees, where the same 11.12 per cent target would apply through cash spending limits yet to be decided, is unpredictable.

Setting formal pay limits, even for civil servants and other government employees, is a controversial issue to a Government committed to collective bargaining. The new target is unlikely to be formal. Instead it will again be attempted through the mechanism of the overall cash limit. Theoretically, unions can negotiate for higher pay rises so long as the Government's cash limit is not exceeded.

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BBC cuts: Sir Charles Groves, Sir Lennox Berkeley, Lady Barbieroli, and Sir Geraint Evans join the musicians picket outside Broadcasting House yesterday. Report, page 6

Hostile building societies reject Wilson report recommendations

By Andrew Goodrich-Clarke Financial Editor

There was immediate and hostile reaction from the building societies to recommendations in the Wilson report on the City, published yesterday, which would impose greater competition on the mortgage and higher mortgage rates, it adopted.

The Wilson committee suggests that the cartel operated by the societies on mortgage and investment rates should be abolished. It recognizes that judgments about housing policy and social priorities which are outside its remit would have to be made, and that mortgages would have to rise.

Mr Leonard Williams, chairman of the Building Societies Association, said that, if implemented, the recommendations would mean mortgage rates of between 17 and 18 per cent, against 15 per cent now. It would lead to "unbridled competition" for deposits.

The Wilson report, called for by Mr James Callaghan when Prime Minister in 1976 partly to defuse the case put up by the Labour left wing for nationalisation of banks and insurance companies, is the most complete report on the City financial institutions undertaken.

It has taken the committee of 18 members, headed by Sir

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Harold Wilson, the former Labour Prime Minister and made up mainly of businessmen, trade unionists and academics, more than three years to complete its report.

It includes a note of dissent signed by Sir Harold and Lord Allen, Mr Clive Jenkins, Mr Leit Mills and Mr Len Murray, general secretary of the TUC, the four trade union representatives on the committee on an issue of central importance.

The dissenters want to see a new national investment institution set up with £2,000m funds, which would come from a £1,000m contribution from the long term savings institutions, such as pension funds, and an equal amount from North Sea oil revenues. Its purpose would be to direct funds into industry.

The note of dissent contains a warning that "if this approach involves the long term institutions in rejecting the status quo appears to be for the Government to take control over them by legislation."

"This is not a prospect we

would desire or welcome. However this dilemma will have to be faced because, if not immediately, then certainly in the medium term, the functions of the long term institutions will be under severe pressure for fundamental reform."

Sir Harold, who is recovering in hospital after major abdominal surgery, said yesterday that since the last important inquiry into the financial system by Lord Radcliffe's committee in 1959, there had been considerable changes both in the financial institutions and in the environment in which they operate.

He identified three particularly important changes—first, the greatly increased importance in the capital markets of the long term institutions; second, the persistence of high and fluctuating rates of inflation; and, third, a greater awareness of the "apparently epidemic nature of the poor performance of the British economy in relation to those of our major competitors."

The committee found that there was no case to support the argument that British industry has been starved of investment funds by the financial system. But it did find that the fact that the funds are available does not necessarily mean that either the price of the money or the demand for it is at a satisfactory level.

Britain and France agree Port Vila plan

By Our Diplomatic Correspondent

Britain and France have patched up their disagreement over the New Hebrides. They decided yesterday to send officials and legal advisers to the condominium, to explore the various ideas which have arisen in the ministerial discussions in Paris and London.

Talks in London between Mr Peter BAKER, Minister of State at the Foreign Office, and M Paul DUBOIS, the French Minister, were described as "comprehensive and constructive."

Although the communiqué stated that the two ministers "reaffirmed their determination to bring the territory to early independence in peace and unity," the target date of July 30 now seems less certain.

As Lord Carrington, the Foreign Secretary, has hinted, Britain "could not seriously contemplate granting independence if the New Hebrides was in a state of secession. Formally, however, July 30 remains the target."

The officials, described as "personal representatives" of the ministers, are expected to fly out this weekend.

Port Vila clash, page 8

Allies gloomy view on East-West relations

From Michael Hornsby Ankara, June 25

Nato foreign ministers agreed here today that the Soviet Union was unlikely to relax its military occupation of Afghanistan in the foreseeable future, and that East-West relations would remain fraught with tension and difficulty.

It was the first meeting of the 15-nation North Atlantic Council since the Soviet invasion of Afghanistan, and the last before the next round of the Conference on Security and Cooperation (CSCE), which is due to be held in Madrid in November.

At the opening session of the two-day meeting Dr Joseph Luns, the Nato secretary-general, spoke of looking through "a window of peril" into an uncertain and disquieting world. He wished he could be certain that history could not repeat itself.

The Soviet action in Afghanistan had dispelled any lingering illusions about Russian behaviour on the international scene and destroyed the mutual trust so essential to the harmonious development of East-West relations.

Lord Carrington, the British Foreign Secretary, said events in Afghanistan and Iran and the death of President Tin Tan coupled with economic difficulties, had given the alliance "a bumpy ride" over the past six months. Things were going to get worse rather than better.

Mr Edmund Muskie, United States Secretary of State, called for "a concerted and sustained allied response" to the rapid growth of Soviet military forces over more than a decade and their demonstrated willingness to violate the sovereignty and independence of another nation.

A common theme running through the discussions was the challenge which events in Iran posed to Nato outside the boundaries covered by the alliance treaty, essentially the North Atlantic and the Mediterranean.

Although there was no question of formally extending the Nato boundary, it was widely recognized by member states that they shared common security interests which were directly affected by events beyond the Nato area and particularly by the Soviet threat to Third World countries.

Lord Carrington asked whether those who had the means and the ability were doing enough to "reinforce stability outside the Nato area, either through economic or military aid or the maintenance of the capability for military intervention.

The possibility of supplying arms to insurgents in Afghanistan was apparently not discussed, although it was raised in talks between Mrs Margaret Thatcher and President Carter during the Venice summit earlier this week.

Herr Hans-Dietrich Genscher, the West German Foreign Minister, promised to represent the views of the alliance when he visited Moscow with Herr Schmidt, the Chancellor, next Monday and to make clear to the Russians that only the total and permanent withdrawal of Soviet troops from Afghanistan would satisfy the West.

Withdrawn Soviet divisions reported on border, page 8

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\$66m Olympic Games claim

NBC, the United States broadcasting company, has lodged a claim with Lloyd's for \$66m (£23m) on a policy it took out against any problems with its coverage of the Moscow Olympics.

The main underwriter, Mr Stephen Merritt, a partner in the syndicate, is in America.

IRA terror organizer gets an 18-year sentence

Brian Keenan, aged 39, was convicted at the Old Bailey yesterday of organizing the Provisional IRA's London terror campaign of 1975, which cost the lives of nine people.

Mr Keenan, a father of six from West Belfast, was the man who masterminded the activities of the Balcombe Street IRA gang, Sir Michael Havers, the Attorney-General, said.

He was sentenced to 18 years imprisonment on each of two charges, the two terms to run concurrently. The first charge was of conspiring between August 15 and December 7, 1975 with Martin O'Connell, Edward Butler, Hans Duggan, and Hugh Doherty, the Balcombe Street terrorists, to cause serious injury to property.

The second conviction was for possessing firearms with intent to endanger life. He was found guilty by a 10-2 majority on the jury, which had spent the night at a secret hotel after deliberating all day yesterday. The jury was unable to agree on two further charges, alleging

that Mr Keenan conspired in Liverpool with Anthony Clarke to cause explosions of a nature likely to endanger life or property between August 15, 1975, and June 1, 1976, and between May 31, 1976, and February 1977.

Mr Justice Kenneth Jones ruled those two charges should not be proceeded with without leave of the Court of Appeal. He told Mr Keenan: "The evidence of the role you played in the conspiracy is not clear. So I must not sentence you on the basis of suspicion of what your role was."

"But I am satisfied your role was greater than just a messenger boy. You were a member of the IRA. You came over to this country from Ireland. I think the conclusion of the prosecution is right when they say you in the role of an organizer of this offence."

"It must be understood that anyone who takes part in a plot which has as its purpose the indiscriminate killing and maiming of other people can only expect to receive severe punishment."

Continued on page 2, col 3

Mrs Helen Joseph banned for fourth time

From Nicholas Ashford Johannesburg, June 25

Mrs Helen Joseph, the 75-year-old political campaigner and outspoken critic of South Africa's race policies, was served today with her fourth banning order.

The ban is for two years and prohibits her from attending political gatherings and meetings for the purpose of addressing and instructing students.

However, she is not barred from attending social gatherings.

Mrs Joseph has been a "banned" person for the past nine years. This prevented her from belonging to a political party, from being quoted in the press and from communicating with banned people, but not from addressing public meetings.

Mrs Joseph said tonight she believed the banning order had been served to stop her from addressing a seminar in Pietermaritzburg organized by the National Union of South African Students. The theme of the seminar was "the history of resistance." Mrs Joseph was previously banned in 1957, 1962 and 1967.

She said she was not depressed by the order, but rather paid it as a "certificate of merit."

'Deterioration' in condition of Rudolf Hess

Berlin, June 25—The condition of Rudolf Hess, Hitler's former second-in-command, has grown worse, the West Berlin news agency VFA said today.

It said that reliable reports from Spandau prison here disclosed that Herr Hess who is 86, was suffering from severe pain, circulatory trouble and from stomach "dysfunction."

He urgently needed a prostate gland operation.

Herr Hess, the sole inmate of the prison, has been there for 35 years.

Continued on page 2, col 3

bombs de cante

25

terrorist bombing with the visit Carter, led to the already city precautions

ident's aircraft minutes before 1 up to a military areas of normal Barajas airport, Juan Carlos and members of the cabinet, diplomats — but not the — were waiting to

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the communiqué promised more the coast. The con- the Basque terror l to concern that might turn to e five people died in simultaneous fadrid's two main ons and Barajas

Rolls-Royce Motors and Vickers merge

Rolls-Royce Motors and Vickers are to merge. The new group, to be called Rolls-Royce Vickers, will have sales of more than £500m a year. A joint statement said the merger would create a group with the strength and reputation needed to succeed in "the increasingly difficult international business environment."

Callaghan defeat

Mr James Callaghan and Mr Michael Foot were outvoted on Labour's national executive when they opposed an NEC study into allegations of ill-treatment and torture of prisoners in Northern Ireland. They feared Ulster protestants could misinterpret such a move.

Church unity service

Most of the principal Christian denominations in the country are to be officially recommended to accept a national church unity service which would bring to an end the main quarrels which have divided them. The form of service is published today.

Former prostitute must repay gifts

Mrs Kathleen Eastwood, aged 32, a former prostitute, was ordered in the High Court to pay back £450,000 given to her by a company secretary. The judge said that the company was entitled to the proceeds of a house bought with its money in Guernsey and of two houses in Bristol.

Drinks trade barrier

So many trade barriers have been erected against the sale of Scotch whisky worldwide that most distillers would be pleased to see Britain impose a punitive tax on French brandy and other imported spirits, a House of Commons select committee was told by the Scotch Whisky Association.

Kenya tourists seized

A British and an American couple were held up by armed men in the Masai Mara game reserve in south Kenya, forced to march across the border into Tanzania and robbed. The incident was the second in the reserve recently.

Jail disaster warning

An all-party group of MPs and peers said that the prison system was on the brink of disaster, caused by overcrowding.

Unions want voice for unemployed

Trade union leaders are planning a conference in the autumn to discuss ways of giving the unemployed a voice in public affairs. The Post Office is to recruit more than 3,000 school-leavers as postal cadets in an effort to maintain reliable mail deliveries during the summer. A 17-year-old working in London will be paid £63.47 a week.

Whitehall reform: An adviser to work with the No 10 Policy Unit on the reform of the Civil Service is sought.

Council spending: A local government leader warned councils against ignoring the Government's call to revise their spending plans.

Paris: Latest scientific equipment brought in to search for 1861 wreck of French ship off African coast.

Jerusalem: Legal struggle under-way over registration of the name of an Arab news agency as Palestine Press Services.

Classified advertisements: Personal, pages 30-32; Appointments, 30; La crème de la crème, 29, 30.

Home News 2-7; Business 22-28; Court 19; Overseas News 8-10; Appointments 10, 26; Archaeology 19; Arts 17; Books 20; Diary 16; Engagements 19; Features 16; Law Report 21; Lesters 17, 24; Obituary 19; Parliament 19; Safe Room 19; Science 10-12; TV & Radio 31; Theatre, etc 12, 13; Trips 21; 25 Years Ago 19; Weather 19; Wills 19.

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Compare its economy with your car. Or try it. With an average mpg of 30.9, the Princess 20HLS is just about the most economical 2 litre car on the road.

Is your car as reliable? Get the salesman to show you the latest article in Motor Magazine.

After 17,000 miles, the writer had nothing but good to say about the 'Complete ability' of the Princess 2.

Does your car have fully reclining seats that adjust for height as well as width? We doubt it.

But the Princess 2 does.

How does its legroom compare? See for yourself.

The Princess 2 has more room for back seat passengers stretch out in than any car in its class.

While you're in the back seat, notice the thoughtful touch of a rear parcel lighter and personal

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CAVALIER
AND IN
30 MINUTES
WE'LL MAKE
YOU WISH YOU
OWNED A
PRINCESS 2.**

rear reading lights in the Princess 2. Does your car have these? Does your car have an air re-circulation system to keep out traffic fumes? Or a Triplex 10/20 windscreen, one of the safest in the world, or side window demisters like the Princess 2? Or is it like most cars, which seem to think only rear windows can get misted up?

Then take the Princess 2 on the road. See how the revolutionary Hydragas® suspension rides over potholes as if they were no more than pockmarks. Feel how its beautiful wedge shape cuts silently through the air. Is your car as quiet?

Finally, compare the price. The six models of Princess 2 vary in price from £4,643 to £6,242.

We think they're the best value on the road. And remember, BL dealers are still offering great part-exchange and other deals.

But don't let us tell you. Bring your car in soon. And compare for yourself.

But be warned. It may not look as good when you leave as it did when you brought it in.

THE PRINCESS CHALLENGE

If you drive a British or foreign car (and that includes many Fords, Vauxhalls and Talbots) take a test-drive in a Princess 2.

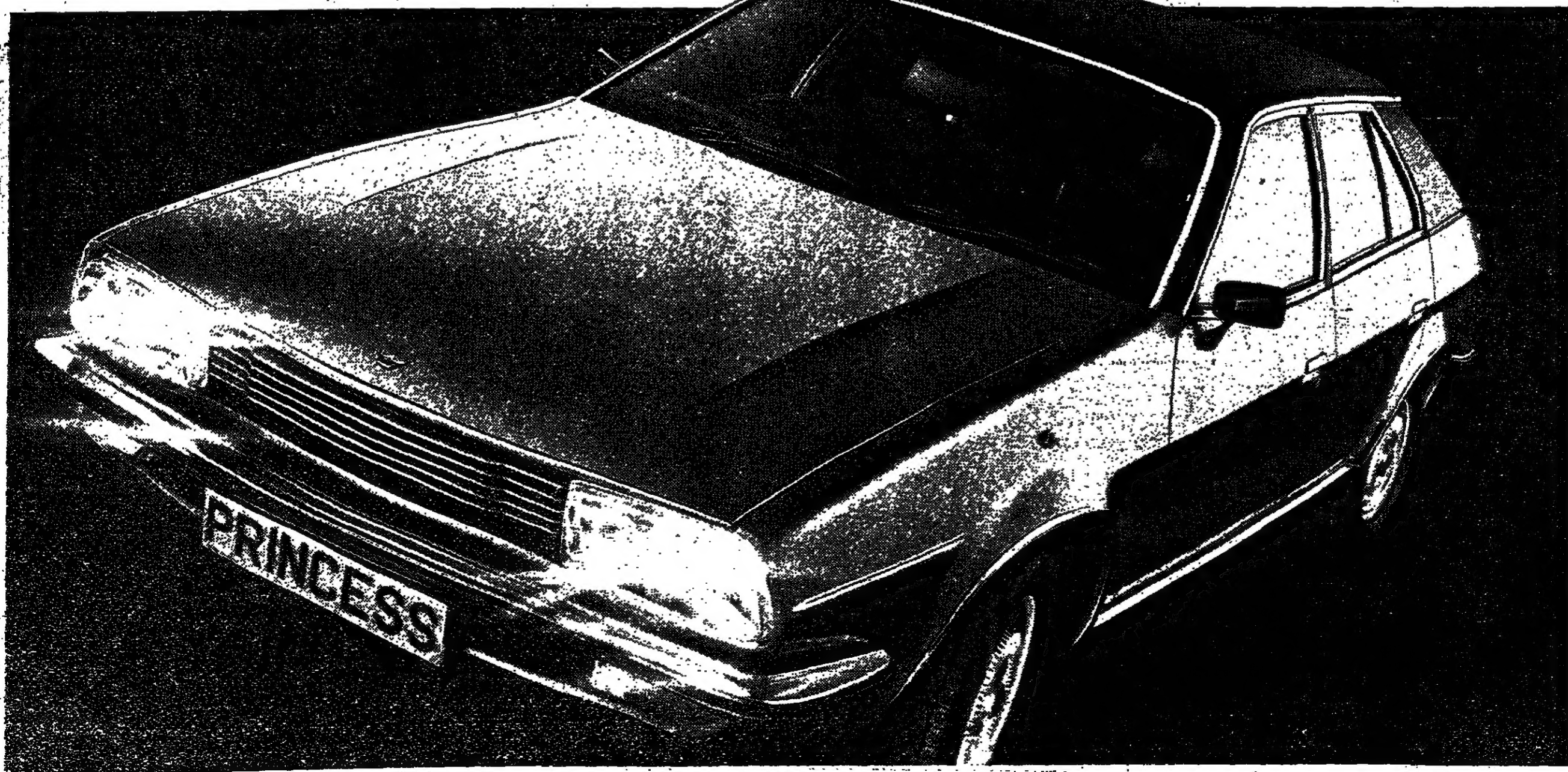
We're so confident in the improvements made to the Princess that we challenge you to find another in its class that now approaches it for reliability, effort, performance or economy.

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HOME NEWS

House that civil servant said should go to private buyer is left off housing group's selling list

By Pat Healy
Social Services Correspondent

A house that a civil servant said should be sold to a named private buyer has been deliberately excluded from the list of properties for sale submitted by the Family Housing Association to the Department of the Environment.

At one point the association accused the department of using "Rachman" techniques in winking out the previous tenants.

In a letter to the Housing Corporation, which administers grants to housing associations on behalf of the department, Mr R. A. Viggers, an area official, said that a Mr Becker was prepared to buy the house immediately and to pay cash. The house, in Seymour Walk, Chelsea, London, was vacant and in the worst condition of three in the same street owned by the association and on which conversion work had not begun.

On available information there seems no reason why FHA should not sell No 13 forthwith to Mr Becker," Mr Viggers wrote. "Mr Becker tells me that he particularly wants a house in this family for his family, that he has raised the money and for some time has been asking FHA to sell to him."

Mr Viggers added that Mr Becker also said he was appalled at the amount of public money spent on converting two other association properties in the same street.

Mr Viggers wrote his letter after Mr Becker had made several visits to the Housing Corporation, the Department of the Environment and the Family Housing Association, who allegedly at one stage saw him off the premises. The house itself was not on the market at the time.

Mr Richard Best, director of the National Federation of Housing Associations, said he could not believe that a civil servant could have advised a

sale to a named private buyer. There was no way a civil servant could know that Mr Becker's offer was the best available. If the house had to be sold it should be put on the market.

Another well-known activist in the housing association movement, who declined to be named because he is now a civil servant, criticized Mr Viggers's letter.

"The Housing Corporation said that it was up to the association to decide whether to sell. If they did decide to sell, it would be by public sale, and would be subject to final approval by the corporation," he said.

The house, mentioned by Mr Viggers as one of five terraced houses near St Stephen's Hospital that the association bought in 1975 for a total of £102,000. They intended to convert the houses into flats for the medical cases needing to live near the hospital and shift workers at the hospital. The existing tenants, reluctantly agreed to move on the grounds of the special needs of the potential tenants.

However, conversion work on the first two houses disclosed that considerably more money would have to be spent on making the houses fit for sale. The conversion costs rose from about £20,000 per flat to £32,000.

The extra costs became evident when the department was in providing grants to housing associations, which meant that it was no longer as ready to finance schemes in high price housing areas. It also coincided with pressure from the department on the FHA to sell properties to meet its £470,000 deficit caused by the department's moratorium on building work when the association was facing legal action that could have cost £5m.

As was disclosed in The

Times yesterday, the association has submitted a list of properties that could be converted to provide 53 new homes for homeless people. That list excludes the Seymour Walk properties, partly because the association feels it will have few similar opportunities to provide for a "very special need in an area where alternative accommodation is just not available," but also because it feels obliged to the tenants who were moved.

"Those tenants could accuse us of persuading them to move on false pretences if we did not convert their old homes for the purpose we described," Mr Nicholas Raynsford, chairman of the association's housing committee said. "I would resign from the committee if the department forced us to sell."

The department said yesterday that Mr Viggers's letter represented a view in the department that would be reasonable for Mr Becker to be given an opportunity to buy. It had always been the case that any price would have to be one that satisfied the Housing Corporation, which meant it would have to be a market value. But the initiative to sell must have come from the association if a deal were to be approved.

The department also pointed out that Mr Viggers's letter contained a number of inaccuracies, including the fact that the association had no specific reference to Mr Becker.

"The letter lists the objections as 'the only possible obstacles to sale', after telling the Housing Corporation that there seemed no reason why the association should not sell to Mr Becker. The obstacles were the need for the corporation to consent, the obligation of the association to offer nomination rights to Kensington and Chelsea council, and the existing contract with a contractor for work on the house."



Sir Alfred Munnings's painting of "The Start at Newmarket" was sold at Sotheby's in London yesterday for £126,000. Sale Room report, page 19

Mr Steel's wish for an alliance for change

By Ian Bradley

No new centre party could hope to beat the present system of British politics, Mr David Steel, the Liberal Party leader, says in a book published today.

The last chapter of the book, *A House Divided: The Lib-Lab Pact and the Future of British Politics*, was written after Mr Roy Jenkins's Dimbleby Lecture, but before more recent speculation about the formation of a new centre party.

Mr Steel says in the book that he intends to demonstrate during the lifetime of the present Parliament that the Liberal Party provides the only genuine alternative to the Conservatives. He writes: "I want to form a great alliance of progressives, radicals and social democrats with Liberal leadership, to change a rotten political system."

As it suggests, the book

of the book is taken up with a detailed survey of the Liberal-Labour pact between March 1977 and July 1978. Mr Steel discards the idea of the pact originated with Mr Cyril Smith, Liberal MP for Rochdale. He suggested early in March 1977 that the Liberals should explore the possibility of securing some agreement with the Government in return for Liberal support.

Mr Smith later became critic of the pact. The pact was not a formal agreement, but a series of understandings between the two parties. Mr Steel says that the pact was not a formal agreement, but a series of understandings between the two parties.

Mr Steel received strong personal support for the pact from the late Mr John Mackintosh, former Labour MP for Berwick and East Lothian, who was a close ally of Mr Steel.

Mr Steel recounts that his first meeting with Mr James Callaghan to discuss the proposed pact was nearly fraught with disaster. While driving from his home in the Scottish borders, he hit a pheasant which removed the front numberplate of his car. He was later stopped by a policeman, who recognized him, and he was told to stop.

Among the most interesting items reproduced in the book are the minutes of the meetings of the Government-Liberal conspiracy committee, which existed during the lifetime of the pact. These reveal that the Liberals pressed hard for the establishment of a land bank for legislation to end the practice of multiple registration, which had been one of the original conditions of the pact.

The land bank was apparently chosen as an identifiable Liberal measure. At the meeting of the conspiracy committee on October 18, 1977, Mr Steel said: "I am not a socialist, but I am a socialist."

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for Montgomery, said, "For the Liberals, second to the Conservative Party in some 70 seats in the last election, and with 50 of these in rural areas, such a measure might swing the electoral scales, and not be damaging to Labour."

In the event, neither the land bank, nor the abolition of multiple registration, was implemented by the Government. Nor were the Liberals able to secure direct elections to the European Parliament, on the basis of proportional representation, which had been one of the original conditions of the pact.

Mr Steel attributed the failure on European elections to the incapacity of Mr Callaghan to deliver the Parliamentary Labour Party on non-Labour policy issues. He writes: "Most of the MPs were opposed to European elections. Most were opposed to FR. To ask them to accept a combination of both was a prize piece of cheek."

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Adviser for Whitehall reform plan sought

By Peter Hennessy

The Prime Minister is seeking an adviser to work in her Number 10 Downing Street Policy Unit on a plan for the long-term reform of the Civil Service and to suggest ways in which the Whitehall machine can be made to reflect ministerial wishes in the short term. Mrs Margaret Thatcher has been taking a close personal interest in reshaping Whitehall recently. The individual she is seeking will complement the work of Sir Derek Rayner, the managing director of Marks and Spencer, and her adviser on the elimination of waste, who works part-time from the Cabinet office.

The search for a Whitehall adviser is being led by Mr John Hoskyns, head of the Number 10 Policy Unit, and Mr Norman Strauss, his assistant. Earlier this month they invited Mr Peter Kellner, a journalist with *The Sunday Times*, to take the post, but he declined.

The offer was made after Mr Hoskyns and Mr Strauss, who were in London, had lunch with Mr Kellner and Lord Croomer-Hunt, co-authors of a book, *The Civil Service*, published last month. They wished to discuss the themes of the book, which is highly critical of Whitehall's resistance to change and the tendency of senior officials to thwart those ministerial policies out of tune with departmental orthodoxies.

Mr Kellner made it clear that he was an active member of the Hornsey constituency of the Labour Party and an "unconditional" supporter of the Government's economic strategy. Mr Strauss, none the less, offered him a position in the Number 10 Policy Unit to write speeches for the Prime Minister.

Mr Kellner said yesterday: "I could not work in a group with whom I was fundamentally out of sympathy politically. I am a socialist and have no ambitions to turn gamekeeper."

Speaking of Mr Hoskyns and Mr Strauss, he added: "They regard the Civil Service as one of the main obstacles to the implementation of government policy. They think the Civil Service Department is a complete shambles."

The Number 10 unit believes the Civil Service tends to concentrate too much on the procedures of policy-making rather than on achieving results, and that the way to change it is to move outsiders into top positions and to reform the structure of the Whitehall hierarchy.

Sir Derek Rayner has prepared a paper, *The Government of Government*, for Mr Thatcher which takes a similar line. He has promised that officials of proven ability should reach the top much sooner and that the length of the Civil Service hierarchy should be shortened.

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Two remanded after drugs raid on yacht

After a raid by customs officers on a yacht in St Peter Port harbour, Guernsey, two men, a Dutchman and an Italian, were yesterday remanded in custody for a week charged with illegally possessing more than a ton of cannabis resin, estimated to be worth more than £2m on the streets.

The accused are William Cornelius Llois, aged 32, from Amsterdam, and Martin Clerici, aged 32, from Corvino.

The discovery of the cannabis, the largest haul made in Guernsey, followed a 24-hour search by customs officers of the Jersey-registered yacht *Antion*.

Engineering top job for boys from independent schools

By Our Education Correspondent

Engineering, followed by business studies and economics, were the most popular career choices for boys leaving independent schools last year. For girls at independent schools the most popular choice was languages, followed by secretarial work.

Those are among the findings of a survey of 11,000 school-leavers made by the Independent Schools Careers Organization and published in the organization's summer bulletin. The sample of girls, 1,700 from 61 schools, was fairly small and may not therefore be representative of girls' independent schools as a whole.

More than half the boys and girls at independent schools went to university compared with the national average of 7 per cent, and a further 9 per cent of girls and 6 per cent of boys embarked on degree courses in the maintained sector. Only one in six boys and one in 20 girls went straight into jobs.

One in three boys went into engineering, economics, business studies, or science. Science and business studies also proved popular with girls, ranking third and fifth respectively in their list of preferences. While there are still relatively few girls going into engineering, that proportion has doubled since last year.

Former prostitute must pay back £450,000

By Lucy Hodges

A former prostitute who was given £450,000 of a firm's money over three years by the company secretary was yesterday ordered to pay back the sum.

Giving judgment in the High Court, Judge Mervyn Davies said that Mrs Kathleen Eastwood, aged 32, and her husband, should return the money given to them in 32 cheques by Mr Ronald Travers. The company, A. King and Sons Ltd, who are scrap metal merchants in Norwich, was entitled to the proceeds of a house bought with company money in Guernsey and two houses bought by the Eastwoods in Bristol.

He also ordered the Eastwoods to pay the costs of the

sight-day hearing, unofficially estimated at £30,000, and refused to grant a stay of execution of his order to enable the family to stay on at their Bristol home while they considered whether to appeal.

The court heard that Mrs Eastwood, who was an adopted child, met Mr Travers at about the time she was convicted of a drugs offence with her second husband. She was working as a prostitute and met Mr Travers in the street.

Mrs Eastwood said that Mr Travers went to her home but sexual intercourse did not take place. He continued to see her frequently and had said she was too good to be a prostitute.

Mr Travers became possessive about when she saw, and worried about, her second husband, who beat her. In 1974 her husband was sent to prison on

drugs offences and she later took up with Alastair Gilroy, who was her husband.

Mr Travers gave Mr Gilroy £1,000 for a car and another £900 to modify it. He bought them a hotel in Torquay for £31,000, paid for with cheques from A. King and Sons Ltd.

While they were at the hotel, Mr Travers paid the couple £200 a week in cash or by credit to their bank account. Two more houses were also bought for the Eastwoods (after his marriage to Mrs Eastwood, Mr Gilroy changed his name by deed poll) and one was later sold.

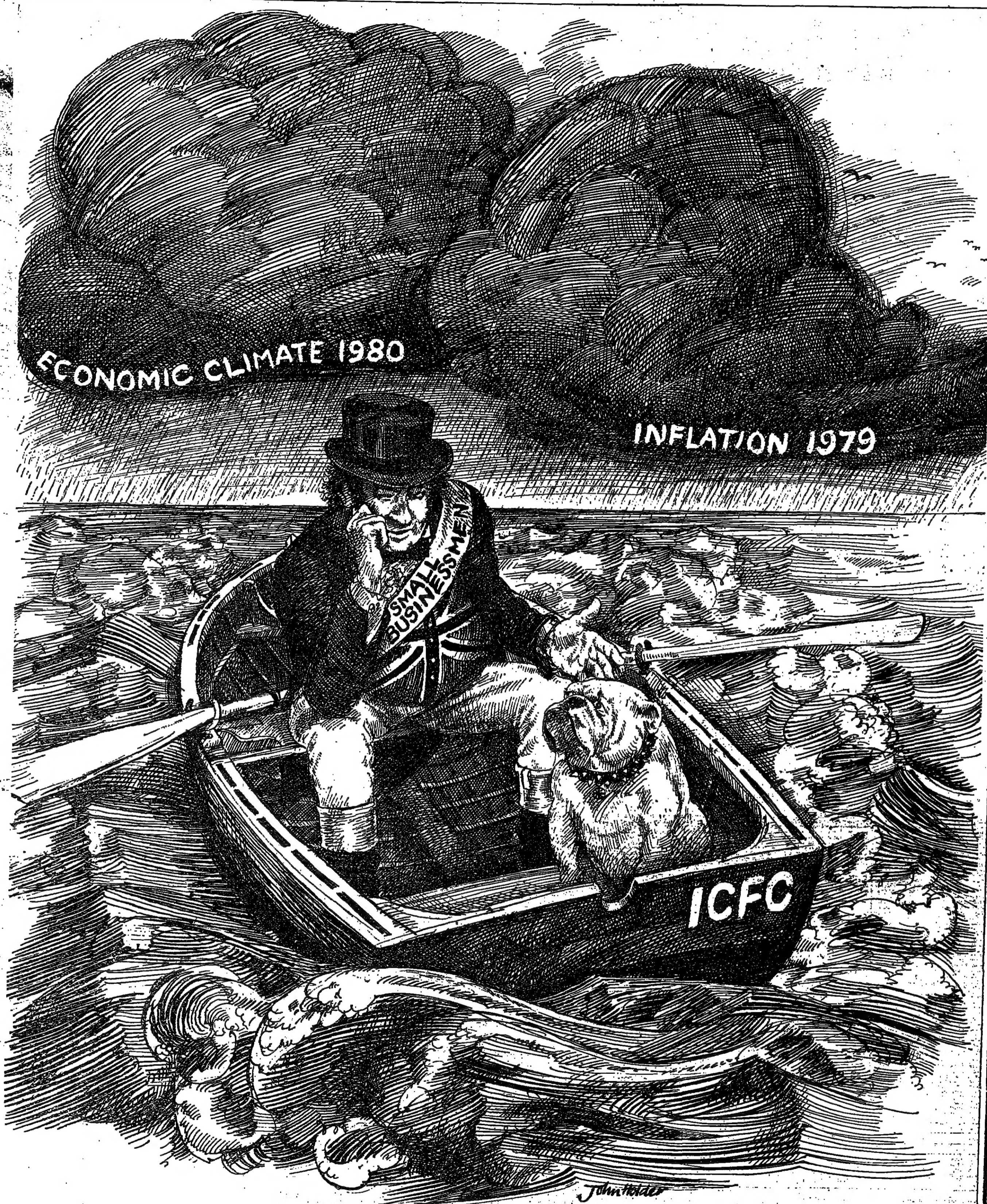
A further house in Knightsbridge was also bought and later sold with the proceeds of earlier transactions. Mrs Eastwood said that Mr Travers spoke of A. King as his own company and she had accepted the money in good faith as gifts.

Mr Travers said that he had not been a prostitute, but he had been a prostitute. He said that he had not been a prostitute, but he had been a prostitute.

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"A BUSINESSMAN'S BEST FRIEND."

JOHN BULL (*cheerful if a little anxious to his trusty bulldog*). "TAKE HEART OLD FRIEND, THINGS ARE LOOKING UP. LAST YEAR ICFC SUPPORTED US TO THE TUNE OF £105 MILLION COMPARED TO £67 MILLION THE PREVIOUS YEAR. THAT'S FIVE TIMES THE INCREASE OF TOTAL INDUSTRY INVESTMENT."

BULL DOG. "PERHAPS IT'S NOT SUCH A DOG'S LIFE AFTER ALL."

HOME NEWS



Protesting prisoners with banners on the roof of Wormwood Scrubs yesterday.

Record overcrowding in prisons could cause an explosion of violence, MPs' report says

By Peter Hain

Home Affairs Correspondent

As 500 prisoners jammed the roof of Wormwood Scrubs yesterday, MPs and the Home Office agreed a plan to deal with the "End Brutality" and later displayed a notice saying: "Give Dwing to the Russians".

Decisive action was urged yesterday by the Home Office to prevent an explosion of violence in the life and limb of both prisoners and prison officers alike.

In their report *Too Many Prisoners*, they cite warnings given by prison governors that the present overcrowding could be expected to tolerate present overcrowding throughout the summer. The warnings "must be treated with the utmost seriousness".

The prisoners later ended their demonstration peacefully, the Home Office said. Mr Clive Soles, Labour MP for Hammersmith, North, which includes Wormwood Scrubs, said yesterday that he had warned the Home Office on June 4 of dangerously high tension. Lord Belstead, Under-Secretary of State, had replied that his advisers considered the tension to be no higher than in other dispersal prisons.

Mr Soles said: "If that is so, you can see what a precipice they are on".

Lord Chancellor's Office to examine this best way to deal with England and Wales the 15-day limit on custody and reform in Scotland.

The report, compiled with increasing demands for reform and "the disclosure" by the Home Office that one prisoner spent 600 days on remand in custody before a verdict of not guilty was entered by the court. Twice the jury failed to agree a verdict.

The group says that the Home Office should set up a working party to make recommendations. The Bill Act 1976 was followed by a fall in the annual number remanded in custody from 68,388 in 1975 to 52,591 in 1978. But the increase in remand periods has resulted in a rising average daily population of prisoners on remand.

One of the more original proposals is that prison governors should be empowered to apply for variation of a custodial sentence to a panel drawn from a special standing committee of magistrates in the petty-sessional area in the area of the penal establishment concerned.

The group sees that as a means of transferring into part custody prisoners whose primary reason for offending is a mental disorder or addiction to drugs or alcohol. But the scheme could be used for other petty offenders serving 18 months or less.

Another proposal is that the Department of Health and Social Security should take urgent steps to ensure that the National Health Service lives up to its responsibility towards mentally disordered offenders and should increase its pressure on regional health authorities to establish regional secure units as a matter of priority.

More hostels should be provided for the mentally disordered, the group says.

Detention facilities should be provided in every urban area with a big number of arrests for offences. Residential non-residential facilities should be provided for drug dependents. The group wants more housing, hostels, day centres and employment schemes for offenders.

They add that non-custodial penalties should be used in appropriate cases as an alternative to the imprisonment of face defaulters.

Mr Robert Kilroy-Glik, Labour MP for Ormskirk, the group's chairman, said that governors had been placed in the intolerable position of having to break the law by ignoring the prison rules or to break the law by refusing to take prisoners sent by the courts.

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out of 238 in 1977 and 111 out of 261 in 1976. But no obvious reason is known for the change, apart from expected fluctuations in trends.

During 1979, 20,814 prisoners serving determinate sentences (for fixed maximum periods of about a quarter of the prison population) became eligible for parole. Of those, 4,758 (46.8 per cent) were released on parole by the Home Secretary on the recommendation of the Parole Board or Local Release Committee. A further 5,398 (53.2 per cent) were refused parole and 658 declined to be considered.

The corresponding figures in 1978 were 4,894 (47.3 per cent) released and 5,400 (52.7 per cent) refused parole. A further 5,398 (53.2 per cent) were refused parole and 658 declined to be considered.

During the year, 421 prisoners (8.8 per cent of those on parole) were recalled. 168 of them with a further conviction. The corresponding rate in 1978 was 9.1 per cent.

Report of the Parole Board for 1979 (House of Commons Paper 651, HM Stationery Office £3.00).

Report of the Parole Board for 1979 (House of Commons Paper 651, HM Stationery Office £3.00).

Board justifies system for parole

By Our Home Affairs Correspondent

The Parole Board explained yesterday why it was giving reasons to individuals for not granting parole under the present system. Its annual report said that the result of giving reasons would be to turn parole from being a privilege to being a right to be considered.

"Both this board and the reporting officers in the prisons would be able to be called upon to justify publicly the opinions which at present they are free to express in confidence."

Those who pressed for the giving of reasons would never be satisfied without the ability to test the validity of the conclusions to which the board and courts, and the right to challenge the accuracy of the reports on which that conclusion was based.

"In any challenge in the courts it might be difficult or impossible to resist discovery of the dossier."

Without countervailing policies, further increases in the prison population must be expected, according to a government report yesterday. It gives a projection for 1986/87 of 47,000, but says it must be subject to uncertainty.

Simply to keep pace with that trend would demand big expansion of the prison building programme but that was not the only need.

Nearly 15,000 prisoners, or 40 per cent of all in custody in England and Wales, were now sharing in two and three cells designed for one.

"To increase the number of prison places to a level where there is no overcrowding would be an even more ambitious enterprise: and even if that could be realized, a large part of the prison population would still have to be housed in antiquated and unsuitable buildings, not least the large local prisons in which many of the shorter sentences have to be served."

The inter-departmental report is the Government's response to the expenditure committee's report, *The Reduction of Prison System*.

It says: "The Government endorses the committee's view that future investment in a penal system cannot be concentrated exclusively on non-custodial measures. A programme of prison building and no less important, maintenance and modernization—on a scale that the country can afford—must be part of the strategy for relieving pressure on the prison system. But it cannot be the whole strategy."

Even if all those for whom alternative provision could be

made were removed from the prison system, there would still be too many prisoners to be properly accommodated in existing premises. The best and earliest hope of reducing the pressure on prisons lay in short-term measures.

The Government agreed that more should be done to provide members of the judiciary and magistracy with information about the criminal justice system, including the amount of accommodation available.

In response to a recommendation that a pilot scheme should be started to pay prisoners the market rate for work done, the Government said the idea was premature until pressures on the prison system could be eased but did not rule out gradual increases in prisoners' earnings as a long-term aim.

Replying to a call for censorship to be lifted in most prisons, the Government said that the Government had been suspended in open establishments, apart from a 5 per cent random check.

A recent proposal to introduce a similar procedure experimentally in four category C prisons founded for lack of cooperation by local branches of the Prison Officers' Association (category C prisoners do not require high security); but discussions were continuing.

Security considerations made it necessary to retain censorship in establishments holding prisoners in the more dangerous categories A and B.

The government report is cool on the idea of weekend detention, pointing out the difficulties it would raise and quotes the committee as saying: "The net effect... in reducing the prison population is likely to be negligible."

The *Reduction of Pressure on the Prison System* Observations of the Fifteenth Report from the Expenditure Committee, Cmd 7945 (Stationery Office, £2).

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The Times/ORC Poll

Improving family life is main motivation for working

Today we publish the second part of a survey on the attitudes and aspirations of the average worker and citizen. The survey was carried out by Opinion Research and Communication and was jointly funded by The Times and the Committee for Research into Public Attitudes, which is chaired by Lord Plowden and whose members include some of the country's most distinguished business leaders.

The survey explored the average worker's concept of "rich". The answers, to a specific question of how much capital in property and savings those interviewed would need to feel they were rich enough, showed that the average figure was £20,350, and that only 4 per cent of the sample wanted to be a millionaire. (see table 6).

The same pattern of workers, dividing roughly into two equal parts, the ambitious and the non-ambitious, those willing to work harder and those not, continues when the key choice of leisure or money is put.

Those interviewed were asked to choose between £20,000 and £50,000, between £100,000 and £250,000, between £250,000 and £500,000, between £500,000 and £750,000, between £750,000 and £1,000,000, 1 million or more, less than £5,000.

Table 6

Concept of richness	All	Men	Women	Man	Cler	Skld	Unsk	Union	Non U
No ambition for more	24	23	28	30	31	15	21	23	25
Would be satisfied with:									
between £50,000 and £100,000	14	14	15	17	13	13	14	13	15
between £100,000 and £250,000	13	15	10	17	9	14	12	15	11
between £250,000 and £500,000	10	11	10	5	10	14	12	11	9
between £500,000 and £750,000	8	8	7	10	4	9	7	7	6
between £750,000 and £1,000,000	5	5	4	6	4	5	3	3	4
1 million or more	3	4	3	4	3	4	4	3	3
less than £5,000	4	4	3	2	3	5	5	4	4
	2	2	2	1	1	2	4	1	3

Table 7

Work five days to get more money	All	Men	Women	Man	Cler	Skld	Unsk	Union	Non U
Opt for four day week with same money as at present	52	54	48	51	53	52	53	49	56
Don't know/no answer	44	42	48	42	44	45	44	48	39
	4	5	3	7	3	3	2	3	5

Table 8

Would work longer hours for more money	All	Men	Women	Man	Cler	Skld	Unsk	Union	Non U
Would not work longer hours for more money	45	51	30	33	38	56	51	46	44
Don't know/no answer	51	46	64	62	58	41	45	50	53
	4	3	6	5	3	4	4	4	3

Table 9

Would choose to spend more time with family	All	Men	Women	Man	Cler	Skld	Unsk	Union	Non U
Would choose to spend more time with family	43	39	55	40	44	41	48	44	42
Don't know/no answer	45	50	34	44	41	52	43	45	46
	11	12	11	16	15	6	9	10	13

Table 10

It is possible to get all one wants out of life without working harder	All	Men	Women	Man	Cler	Skld	Unsk	Union	Non U
The only way to get all one wants out of life is to work harder	16	17	16	20	20	17	10	16	17
Don't know/no answer	76	76	76	76	78	75	80	75	77
	7	7	7	4	2	7	10	7	6

Table 11

Whether living standards are higher today than they were 20 years ago	All	Men	Women	Man	Cler	Skld	Unsk	Union	Non U
Higher	59	59	59	67	65	50	55	57	61
Same	22	21	24	23	19	20	24	23	21
Lower	14	16	10	9	10	22	15	15	13
Don't know/no answer	5	5	7	1	6	8	6	5	5

Table 12

Comparison of standard of living now and five years ago	Those possessing items 5 years ago	Those possessing items now	+ or -
Refrigerator	65	90	+16
Washing machine	74	81	+16
Colour television	56	76	+20
1 Car	44	61	+17
Freezer	23	49	+26
Own home/flat buying on mortgage	33	43	+10
Black and white television	44	55	+11
Two cars	6	13	+7
Own home fully owned	5	8	+3
Washing up machine	3	6	+3
Holiday home	3	4	+1
Boat	2	2	0
Children at private school	2	2	0
None of these	8	3	-5

Table 13

Method of achievement	All
Through automatic wage increases	13
By working harder	14
By making sacrifices	10
Don't know/no answer	10

Table 14

Method of achievement	All
Through automatic wage increases	13
By working harder	14
By making sacrifices	10
Don't know/no answer	10

Table 15

Method of achievement	All
Through automatic wage increases	13
By working harder	14
By making sacrifices	10
Don't know/no answer	10

Table 16

Method of achievement	All
Through automatic wage increases	13
By working harder	14
By making sacrifices	10
Don't know/no answer	10

Table 17

Method of achievement	All
Through automatic wage increases	13
By working harder	14
By making sacrifices	10
Don't know/no answer	10

Table 18

Method of achievement	All
Through automatic wage increases	13
By working harder	14
By making sacrifices	10
Don't know/no answer	10

Table 19

Method of achievement	All
Through automatic wage increases	13
By working harder	14
By making sacrifices	10
Don't know/no answer	10

Table 20

Method of achievement	All
Through automatic wage increases	13
By working harder	14
By making sacrifices	10
Don't know/no answer	10

Table 21

Method of achievement	All
Through automatic wage increases	13
By working harder	14
By making sacrifices	10
Don't know/no answer	10

Table 22

Method of achievement	All
Through automatic wage increases	13
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Table 23

Method of achievement	All
Through automatic wage increases	13
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Table 24

Method of achievement	All
Through automatic wage increases	13
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Table 25

Method of achievement	All
Through automatic wage increases	13
By working harder	14
By making sacrifices	10
Don't know/no answer	10

Table 26

Method of achievement	All
Through automatic wage increases	13
By working harder	14
By making sacrifices	10
Don't know/no answer	10

Table 27

Method of achievement	All
Through automatic wage increases	13
By working harder	14
By making sacrifices	10
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Table 28

Method of achievement	All
Through automatic wage increases	13
By working harder	14
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Table 29

Method of achievement	All
Through automatic wage increases	13
By working harder	14
By making sacrifices	10
Don't know/no answer	10

Table 30

Method of achievement	All
Through automatic wage increases	13
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Table 31

Method of achievement	All
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1E NEWS

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WEST EUROPE

Latest scientific equipment used in search for 1816 wreck of French ship off African coast

From Ian Murray

Paris, June 25

In the long annals of the

sea there are few stories as

horrific and compelling as that

of the wreck of the Medusa

on the treacherous bank of

Arguin, off the coast of what

is today called Mauritania on

July 2, 1816.

That story has inspired one

of the most dramatic pictures

now hanging in the Louvre. It

has spawned a wealth of his-

torical research and literature

and it will now be the target

for one of the best equipped

and scientific underwater

ever conducted.

A satellite, a proton magne-

tometer and a sub-bottom pro-

filer are just some of the pie-

ces of equipment to be used

to excavate the wreck of what

was once the pride of the French

Navy, but which later became

a name associated with cow-

ardice, barbarity and incompe-

tence.

The Medusa sailed from the

island of Aix, near Rochefort,

on June 17, 1816, the flagship

of Hughes Duroy de Chaumareys,

a royalist officer who had

sought refuge in England

while Napoleon ruled in France.

He had begged for and been

given the command of the little

expedition... by Louis XVIII,

when he heard that the Medusa

was to be used to take French

colonists to Senegal to recolon-

ise it.

The trouble was that de Chaumareys

was again and had for-

gotten much of his seamanship

while in exile. This was to have

disastrous consequences. The

Medusa, as befitted the fastest

ship in the French Navy, out-

placed the three other ships in

the convoy. On July 1, 1816,

the African coast loomed up in

the distance and de Chaumareys

wrongly thought he was farther

south than was the case and

confidently went to bed expect-

ing to reach Senegal the next

day.

Instead his ship drove on to

the treacherous sandbanks some

30 nautical miles offshore. For

a couple of days the crew and

passengers worked under the

blazing sun to free the ship, but

then a storm blew up which

battered and crippled it, mak-

ing it impossible to pull it off.

The only hope lay in taking to

the boats and making for the

coast.

The launch and five dinghies

onboard the Medusa could not

carry the 350 passengers and

crew. By now de Chaumareys

had panicked and the command

was virtually left to Pierre

Schmalz, the appointed

Governor of Senegal. He it was

who ordered a raft to be built

to carry the 147 soldiers and

junior officers who could not

fit into the ship's boats.

The raft was about 20 feet

wide by 40 feet long and was

kept low in the water simply

by the weight of the men on

board. The only provision in

any quantity was wine. The men

were so crammed on to the

raft, that it was forced below

the surface of the water, its

passengers trapped in the

sea. Rather than face a journey

on such a craft 17 men chose

to stay on board the doomed

Medusa.

The overcrowded raft was

taken in tow by four of the

dinghies, but the tow did not

last for long. The rope was

either deliberately or acciden-

tally broken and the raft left

to drift. The dinghies and

launch pressed on and de

Chaumareys and Schmalz raced

southward to Saint Louis, which

they reached in three days. The

other dinghies came ashore on

the desert coastline and the

survivors trudged south, facing

thirst, hunger and attacks by

Moorish nomads.

The other three ships in the

original convoy arrived in Sen-

egal and one of them was dis-

patched to search for the raft.

It duly found it, 90 miles from

the scene of the wreck on July

18. Of the original 147 on

board there were only 13 sur-

vivors.

From the scanty rigging on

the raft hung shards of drying

human flesh. The stench of

death was appalling. The 13 on

board told how most of those

on board had died in drunken

desperate fighting after break-

ing into the wine barrels. They

had been forced to eat their

dead shipmates to live until

they were rescued.

His close contacts with the

French monarchy undoubtedly

saved de Chaumareys from the

death sentence and his rela-

tively light three-year-sentence

of imprisonment raised a storm

of protest.

The young romantic painter

Theodore Gericault painted his

famous canvas "Medusa's

Raft" which shocked the

French establishment by its

implied criticism of govern-

mental incompetence. To add

realism to his painting Gericault

fastened his studio with

amputated human limbs ob-

tained from a Paris hospital

and which he drew when they

were suitably decomposed.

The search for the wreck of the

Medusa will be complicated

because the sandbanks have

covered every trace of it and

the treacherous waters make it

difficult for ships of any size

Fortunately, however, an

exact position of the wreck was

marked in 1817 by a French

hydrographic team sent to

chart the waters after the pub-

licity surrounding the incident.

Using this position as a basis

it is planned to drop a buoy on

the spot using a satellite nav-

igation receiver. Then the area

round about will be surveyed

with a proton magnetometer to

detect the iron masses of

anchors, ballast and cannon

balls.

This should make it possible

to create a plot chart with a

precision of a few yards on an

area as big as several dozen

square miles. A sub-bottom

profiler will be used to deter-

mine the exact depth below the

sand in which the wreck lies.

Then, careful excavations can

go ahead, although the soft

ERSEAS

Asian rebuff to Hanoi Thai intrusion Lps fortify alliance

David Watts
Bangkok, June 25
Sports of clashes on the
Vietnamese border have
prompted the Thai
government to fortify
its alliance with the
Association of Asian
Nations. Tonight Hanoi
warned Vietnam that
its action was a threat
to the security of Thailand
and Asia.

A statement promising
support for Thai inde-
pendence and territorial
integrity, the ministers
said it was "irresponsible
and irresponsible to
allow a foreign power
to use its military power
to threaten the security
of the region".

The statement, issued at
the Thai, represented
a victory for the
Thais. It made no men-
tion of the possibility of
ending the Thai-Viet-
namese border dispute.
At least one Asian mem-
ber, the Philippines, had
closed debate by the
ministers of the five
countries could be seen-
sitive to the Thai.

Foreign Minister
Sukhumbhand Paribatra
said the Thai govern-
ment was "not in a posi-
tion to make any com-
mitment to the Thai-Viet-
namese border dispute".

He said the Thai govern-
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Argentine junta lays down conditions for a return to democracy

Buenos Aires, June 25
Argentina is desperately
anxious to go back to a normal
political life. The people fear
a new civil war and they are
ready, on all sides of the polit-
ical spectrum, to make com-
promises for the sake of a
national reconciliation.

Argentina reminds one today
of Spain after Franco. But
when Franco died, he was the
last of the Civil War genera-
tion to leave the scene, all the
others had already gone. In
Argentina, too many wounds
are still open and bleeding, and
the road back to democracy is
virtually blocked by the
military leaders' fear of an
"Argentine Nuremberg trial".

Would not a democratic
Argentina want to judge them
for the massacre of thousands
of possibly innocent people
during the repression of terror-
ism?

The military have started a
dialogue, in slow motion, with
social and political organiza-
tions, asking them for their
opinions about the "process of
national reorganization" which
should bring Argentina back to
civilian rule and democracy.

The Junta is made up of the
three military commanders,
who still hold supreme power
and who will soon nominate a
new military President for a
four-year term; their main can-
didate being General Viola of
the Army, a former member
of the Junta.

It has issued, at the end of
1979, a document outlining
plans for a return to
democracy. This will still be
based on traditional institu-
tions, an elected Congress and
president, and a multi-party
system. But the military, in-

This is the first of two special articles on conditions in Argentina, by Arrigo Levi.

of the Organization of American
States (OAS), that many
officials who had been respon-
sible for illegal arrests, and
even illegal killings, had been
tried in recent years: some 300
a year since 1973.

He explained that "the armed
forces and the police are just
men, who walk on a ledge: be-
low, there is a sea of mud."
During the anti-subversive war,
even some of my officers had
become involved, and more than
one had been submerged by the
mud."

The military have also ac-
cepted full collective responsi-
bility for what happened. An
official speech by General
Santiago Riveros claimed that
"what happened in Argentina
was a war, and unfortunately in
all wars innocents die. In con-
ventional wars, airplanes do not
drop flowers on the enemy, or
the civilian law code, in a sub-
versive and revolutionary war,
if you want to defend yourself
with rosebuds, you lose the
war."

But whatever was done, in or-
der to win the war, was done
through official channels. "We
went into war," the general said
"with the doctrine in our hand,
and the written orders of our
superior commands. We never
accused, though we were falsely
accused of the help of per-
sonal organizations: our legal
organization was enough for
our fight against the irregular
forces. We won, and they can-
not forgive us for that. Our
war was conducted by the gen-
erals, the admirals and air com-

manders. It was led by the
military junta of my country,
through the general staffs of
the Army, Navy and Air Force.

Quite obviously, such a
speech was also meant as a
warning to the "superior com-
mands" in case they ever tried
to shift the responsibility
upon those who had to be
actually involved "in the mud"
being in charge of the "dirty
war". General Riveros re-
minded them that there was an
official doctrine, and there
were the written orders. But is
this enough to justify all that
was done during the war
against terrorism?

Of course, all Argentines
know that terrorism, of both
the Marxist and the Peronist
variety, was guilty of innum-
erable monstrous deeds, which
made life unbearable to all.
Terrorism threatened civilized
social life in its very founda-
tions. If the terrorists had won,
there would have been a
bloodbath. So, many Argen-
tines are ready to make allow-
ances for possible excesses
during the repression. The
crimes of the terrorists cannot
be forgotten.

There were about a thousand
victims of terrorism in the
1970s: 28 in 1971, 25 in 1972,
58 in 1973, 110 in 1974, 346 in
1975. The toll for 1976, when
the military moved against
President Isabelita Peron, was
646. There were 181 victims in
1977, 100 in 1978, but only a
few isolated cases in 1979, and
no victims so far in 1980.

These official figures may be
somewhat inflated, but, for its
dimensions, Argentine terror-
ism was in a class of its own.
Italy, Spain, even Northern
Ireland, cannot be compared
to what happened in Argentina,
where the terrorists had
become a real army and could
mount operations against
military bases, sending into
action hundreds of men.

However, against these facts
and figures must be set the
much bigger figures for those
who were killed, or who were
arrested and then "disap-
peared", during the repression.
All international reports, by
such authoritative bodies as the
special commission of the OAS,
which visited Argentina and
interviewed scores of people in
1979, have reached the conclu-
sion that the thousands of dis-
appeared persons who disap-
peared must be presumed to be
dead.

The OAS commission, the
United States Government, the
United Nations institutions and
Amnesty International unani-
mously consider the Argentine
authorities responsible for these
crimes.

The number of people in-
volved is indeed appalling, and
one must reach the inevitable
conclusion that the majority of
the victims of official repression
were not terrorists at all.

The people who disappeared
—arrested by unidentified
officials—and who were later,
in their majority, tortured and
put to death, are variously
estimated at between 10,000
and 20,000.

The Argentine organizations
for human rights (like the
Asamblea de los Derechos
Humanos, made up of political
and religious leaders of all
denominations) have lists of
about 6,000 people, who, they
say, represent about 40 per
cent of the total. Another 6,000
people were killed during
clashes between the terrorists
and the military or the police
between 1975 and 1979, accord-
ing to press reports.

There is little doubt that
special anti-terrorist units were
formed in the armed forces
after 1976: they acted inde-
pendently, according to "writ-
ten orders," having full powers
of life or death over the people
they arrested.

But can all these thousands
of people, known as los desapa-
recidos, be really dead? Many
friends and relatives cannot
yet believe it. At least
until 1978, there were
numerous reports about the
existence of military detention
camps. Unfortunately, there
have not been such reports
during the last year.

Have they all been "elim-
inated" and how? Official
foreign institutions have
reached the unanimous conclu-
sion that "the majority of these
people were summarily killed",
although quite a few must have
been killed long after their
arrest.

One very high placed
religious authority told me:
"There are now two main
theories. The first one is that
there are only between 30 and
60 survivors; the second one,
that there are between 1,500
and 2,000. We now lean
towards the first theory".

Señor Ricardo Babilin, the
leader of the Radical Party,
confirmed to me what he has
already said in public more
than once: "There are no dis-
appeared persons, there are
only dead people, and we all
know it."

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OVERSEAS

Split over choice of Mr Ohira's successor

From Peter Havelhurst, Tokyo, June 25

A struggle for power within Japan's Liberal Democratic Party (LDP) could divide it into rival camps over the election of a new Prime Minister.

This warning was issued today when a steering committee suggested that five powerful factions within the ruling party should be disbanded before Parliament elects a Prime Minister on July 17.

"The factions should be broken up and the party should elect its new leader as a unified political force," a party spokesman said tonight.

The Government has announced that a special session of Parliament will be convened on July 17 to elect a successor to Mr Masayoshi Ohira, who died of a heart attack this month.

Mr Masayoshi Ito, the acting Prime Minister, met Mr Ichiro Nishimura, the acting president of the party and other leaders today to devise ways of uniting feuding factions. They later agreed that the parliamentary party would elect its leader by a majority vote if the hierarchy could not reach a consensus before July 17.

No candidate has yet formally entered the fray but officials say that Mr Yasuhiro Nakasone, aged 61, a former secretary general of the party, will stand. Much will depend on whether Mr Nakasone obtains the support of Mr Kakuei Tanaka, the former Prime Minister and leader of the largest faction of 55 MPs in the LDP's Parliamentary party.

Mr Toshio Kono, aged 66, a former Minister of International Trade and Industry, is also expected to stand.

Mr Kiichi Miyazawa, a former Foreign Minister and a member of Mr Ohira's faction, could emerge as a compromise candidate if the hierarchy fails to nominate either Mr Kono or Mr Nakasone, a party worker told *The Times* today.

The party nearly split on the same issue last October when Mr Ohira defeated Mr Taken Fukuda, the leader of a rival faction, in a bitter struggle.

Mr Ohira's Government was toppled last month when Mr Fukuda and Mr Taken withdrew their supporters from the Diet, leaving the administration without a majority during a vote of no confidence.

Mr Nishimura is reported to have warned the party today that the same thing could happen again unless there is unity over the choice of leader.

Death toll in Tripura now over 2,000

Delhi, June 25.—Another mass grave was discovered in the north-eastern Indian state of Tripura today, and the death toll in this month's communal violence will now be well over 2,000.

The grave was found by a police patrol in Atharva, a village, 12 miles from the capital of Agartala. The village suffered a greater loss than Mandi village, where 400 innocent settlers from neighbouring Bangladesh were killed by Hindu Tripurans.

Reports quoting official sources said that 448 families were living in Atharva village and only 18 escaped the fury of the Christian mobs. The village, set on fire and systematically hacked to death about 1,000 residents, according to an eye-witness.

A police party which visited the village in investigation reported a massacre met with armed resistance. The police opened fire but retreated when the tribespeople fired back.

Fresh reinforcements were rushed in to investigate and to capture an unspecified number of villagers and seize two guns. Later a mass grave was found near the village.

The 600,000 tribespeople in Tripura have been agitating for the deportation of immigrant settlers from across the border. Early this month, they attacked villages of settlers and killed 1,000 people.

The state has a total population of about two million.

Agence France-Press.

Palestine news agency entangled in legal battle

From Christopher Walker, Jerusalem, June 25

A bizarre, little-known legal struggle is under way in Jerusalem in which the participants maintain have wide implications for press freedom in the occupied territories and for understanding Israeli's Palestinian autonomy.

The case began last year when the leading Arab news agency in east Jerusalem, Palestine Press Services Ltd, applied to have its business name restored officially with the Israel Registrar of Companies. The application was refused on the grounds that the term "Palestine" was a legal term widely used in a number of places, including the Camp David peace accords. But the application was again rejected because of the offensive nature of the proposed title.

An appeal has been lodged before the Supreme Court and the hearing is due to take place later in the year.

The judgment made me give up all hope of a peaceful solution to the Palestinian problem," said Mr Ibrahim Karara, aged 33, co-owner of the agency, said today. "If they find our name offensive, how can there be any chance of their accepting us as a people with rights?"

Behind the complex legal arguments lies a bitter personal feud between the agency and the Palestine Liberation Organization (PLO), which has a long-standing animosity towards the agency.

Mr Karara, a former PLO sympathizer, was a PLO member in the occupied territories. He was expelled from the PLO in 1976 on charges of having fled to Israel to work for the agency.

Some members of the Government are known to suspect that Palestine Press Services is a propaganda arm of the PLO. The Liberation Organization provides foreign correspondents and television networks with information damaging to Israel's image abroad.

Earlier this year, Mr Yoram Aridor, a deputy minister and adviser to the Prime Minister, claimed in the Knesset that Palestine Press Services had been supplying false and distorted news reports to PLO offices abroad in order to embarrass Israel.

He appeared to be referring to the agency's year-old affiliation with the Rome-based Italian press Third World News Agency, a cooperative which has offices in Beirut and elsewhere in the Arab world, as well as in Africa, Asia, Europe and South America.

Mr Aridor also alleged that Mrs Raymond Tawil, a West Bank journalist and co-owner of the agency, was a known PLO sympathizer. Mrs Tawil's house in the occupied town of Ramallah was a popular gathering place for foreign journalists until she was put under house arrest for four months in 1976 on charges of having fled to Israel to work for the agency.

She later wrote a bitter account of her experiences entitled *My Home, My Prison*.

In March 1978, Mrs Tawil opened the Palestine Press Services, which operates from spacious third-storey offices in east Jerusalem and employs a full-time office staff of eight, including one young Englishman. At the time she was arrested again and jailed for a further 46 days on suspicion of making contact with the PLO.

Mrs Tawil was later joined by Mr Karara, a former teacher and journalist, who today firmly denied that the agency had any subversive intent.

"We are a perfectly legal and reputable agency and news supplies translations and news about what is happening on the ground in the occupied territories," he said. "We deliberately avoid doing anything to inflame Israel's anger because we already know they do not like our contacts with the foreign media."

Mr Karara claimed that the agency's two telephone lines are regularly tapped, and that last year the Israeli security forces took away documents and a number of business cards left by foreign journalists during a raid.

Since the recent upsurge of violence in the West Bank, the demand for the services provided by the agency has grown considerably. But the owners are uncertain how much longer they will be permitted to keep the English and Arabic language signs bearing their chosen title hanging over east Jerusalem's busy Salah El-Din Street.

Scare over plot report gives Jamaica a publicity it can well do without

Rum punch belt weighs up Mr Manley's coup

From Ivor Davis, Kingston, Jamaica, June 25

About 11 miles from the hot and humid streets of central Kingston, in a cool, green and elegant suburb of Stoneyhill high above the Jamaican capital, they were literally pouring rum punches and rather jovially dissecting "the coup that never was."

"I got a call from a neighbour who moved to Milwaukee," said Mr Jack Stuart, a top executive with the Jamaican Telephone Company, who was host to a group of visiting writers, "and he wanted to know if there were tanks on the street and armed soldiers on every corner. 'Hell, no,' I told him. 'There's nothing to get alarmed about.'"

"Coup?" snorted a columnist for the *Jamaican Daily Star*. "It was never a coup, just a crack pot plan, a real Mickey Mouse operation."

Then, over a heavy buffet dinner and "more rum," the guests offered a variety of convoluted and sometimes fanciful theories as to who was actually behind the plot that had been making headlines this week on this troubled Caribbean island.

One school of thought said that the whole thing was a brilliantly conceived piece of strategy—desperate, maybe—instigated by Mr Michael Manley, the Prime Minister, who, according to the "leak" polls, is trailing the Jamaican Labour Party Opposition, led

by Mr Edward Seaga, by 42 per cent to 58 per cent in an election due within the next few months. The thesis was that Mr Manley could "declare" a state of emergency as he did in 1976 and bring in his friends, the Cubans, to help create a climate that would ensure his re-election. Today Mr Manley denied that in parliament.

"It's a great propaganda move," said a guest. "He needs all the help he can get."

Another theory blamed the aborted plot on the CIA. The reasoning went that the American Government, professing Mr Seaga to Mr Manley, in the multitude of graffiti on the walls in Kingston—the same Seaga spelled Ciga—is a common sight.

What seems to be factual, amidst all the wild rumours and the public proceedings from Mr Manley, is that 26 members of the Jamaican Defence Force, including three officers and three civilians, including Mr Charles Johnson, a leader of a right-wing party known as the Jamaican United Front, were in custody pending further inquiries.

At times the dastardly plot sounded like a Peter Sellers film or about revolution in a banana republic. According to Mr Manley and Mr Earl Rattray, his acting Security Minister, the conspirators planned to assassinate Mr Seaga, Chief of State of Jamaica's Defence Force and assassinate him. At the same time

they planned to abduct Mr Manley and force him to resign dramatically on radio and before the television cameras. Then Mr Johnson would take over while the soldiers would commandeer the Armory at Up Park Camp in Kingston.

"We have to keep a careful watch," Mr Rattray said. "This was just the tip of the iceberg. While last night Mr Manley exhorted the populace to 'remain calm but alert,' at a dinner party most guests seemed calm and amused."

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PARLIAMENT, June 25, 1980

Every day's delay in Government action will prolong slump

House of Commons

If the Secretary of State for Employment had any conscience at all he would resign from the Government, Mr. Bruce Millan, chief Opposition spokesman on Scotland, said at the start of a debate on the need for government action to reduce unemployment.

Mr. Prior used to be very scathing about unemployment figures under the Labour government, Mr. Millan (Glasgow, Cragston, Lab.) said, but he was now presiding over the biggest unemployment disaster since the 1930s.

They were told that Mr. Prior did not even believe in the Government's policies.

Only a month or two ago, talk of two million unemployed by the beginning of next year was regarded by the Government as a scare tactic. Now the Government did not even bother to deny that even on its figures there would be more than two million unemployed by the beginning of next year.

The latest figures they had from an outside body showed that by 1983 unemployment in this country would be no less than three million.

What did Mr. Thatcher mean by "short-term unemployment problems"? There was not an outside forecaster who forecast anything other than that there would be unemployment problems for at least two or three years. Unless there were changes in Government policy they would continue for much longer than that.

It was no comfort for an unemployed youngster to tell him that he was not alone. Employment would go on for two or three years or perhaps even longer. That was the Government's definition of short-term.

What would be left of British industry when the upturn came, if it ever did? The cost of unemployment was horrific for the economy.

Unemployment benefits were now adding massively to the public sector borrowing requirement and therefore encouraging the Government in the perversity of the monetary policy to cut back even further.

There was a feeling of bitterness and despair among many of the unemployed, particularly among the young, who were being told that the Government was doing to unemployment benefit this year. In the

current year it was cutting the real value of unemployment benefit, something that had not happened since 1930.

Because of the advantage of North Sea oil, the country was in a unique position, compared with its industrial competitors in the Western world, to deal with the world economic situation. But Britain was doing much more badly than the rest, and would do more so.

The reason was the monetary policy of the Government, which was squeezing out inflation by reducing output and employment. The Government inherited a 5 per cent inflation rate and had put it up to 20 per cent in a year through Government-induced inflation.

Sterling was overvalued against the currencies of Britain's industrial competitors, creating a disastrous combination for manufacturing industry and particularly for exporters. No wonder the country was being hit by the consequences of reduced output and employment. There was a need of disaster in industry.

Britain needed urgent action on a wide front. The Government had abandoned its mission with monetarism and there was an overwhelming case for an immediate reduction in interest rates, which in themselves would be a significant effect on helping to make industry more competitive. The Government should reverse the increase in VAT and the Government-directed increase in gas prices.

Whereas we were doing no in terms of reversing these policies, unemployment was going to get worse for at least the next year. It was going to get worse for at least the next year. It was going to get worse for at least the next year.

It was hardly credible that with the present unemployment, the Government was actually cutting the budget of the Manpower Services Commission.

Mr. Prior should give a simple pledge that he was cutting the youth opportunities programme over the coming year. The number of places should be increased in figures which the MSC itself calculated were necessary to deal with the increased unemployment of the youth.

The Government's policies had failed, and the outlook for the future was bleak. The Government should abandon its policy of monetarism and do what was necessary to reduce unemployment. (Labour cheers).

No instant solutions: governments cannot spend their way out of unemployment

Mr. George Younger, Secretary of State for Scotland (Ayr, C) moved a Government amendment stating that the House should be aware of the fact that the Government was committed to a policy of reducing unemployment by the means of a balanced budget.

Higher public sector expenditure which Labour MPs sought would lead to still higher interest rates which they said they did not want. Current levels were creating problems for industries' investment plans and financial position, so the Government was committed to a policy of reducing unemployment by the means of a balanced budget.

Only then could the wealth-creating enterprise sector of the economy flourish, creating secure employment and increasing opportunities for young people.

Higher interest rates and North Sea oil had led to a strong currency, which had caused a massive export surplus. The Government was committed to a policy of reducing unemployment by the means of a balanced budget.

Wage and import controls did not work, but perpetuated anomalies, encouraged skill shortages, led to inefficiencies in the labour market and caused a massive export surplus. The Government was committed to a policy of reducing unemployment by the means of a balanced budget.

The Government's role in pay matters was to set the financial but not to intervene in detail in individual pay negotiations. Import controls might have some benefits for inefficient industries, at the expense of the economy as a whole.

Unemployment among young people was the most pressing of the immediate problems. Provision for the youth opportunities programme for those aged 15 to 24 who had been unemployed for at least six months and older than 16 was being maintained at 12,000 to 14,000 places.

There was nothing to be gained from providing a room for each unemployed person, which would not provide the skills and training necessary for the economy. The Government was committed to a policy of reducing unemployment by the means of a balanced budget.

inflation and restore conditions in which enterprise could flourish, the Government was committed to a policy of reducing unemployment by the means of a balanced budget.

The only way to secure this was by reducing the demand on public sector for finance. Unless they were to increase taxation, this meant the reduction of public expenditure. The Government was committed to a policy of reducing unemployment by the means of a balanced budget.

The Government had done that. It had taken firm steps to curb inflation through control of the money supply. It had made a start on reducing public expenditure to reduce Government borrowing, and it was committed to a policy of reducing unemployment by the means of a balanced budget.

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their way out of unemployment, and no Government should take short-term measures which would make the chance of a longer-term recovery on which future prosperity crucially depended. For too long industries and firms which were past redemption had been allowed to rot and all thought of a recovery had been abandoned.

What was needed was a positive regional policy to improve the distribution of resources in the less prosperous areas of Britain. That meant a sensible public investment programme which created wealth.

Mr. James Craig (Glasgow, Maryhill, Lab.) said it was astonishing that the Government was prepared to watch this pool of unemployment grow into what might be a dam which could one day threaten the economy of the United Kingdom.

Mr. David Allen (Liverpool, Edge Hill, Lab.) was interrupted on several occasions by Mr. Dennis Skinner (Bolton, Lab.) when he tried to speak in favour of an incomes policy, a concept consistently supported by his party. He (Mr. Allen) said he had consistently supported the concept of political co-operation and agreement such as the Lib-Lab pact.

The Deputy Speaker (Mr. Richard Cawshaw) called for order after further comments by Mr. Skinner. It was not right (Mr. Allen) for MPs to be persistently shouting an amusing joke at the expense of a serious issue.

Mr. Skinner, rising on a point of order, said that when the Lib-Lab pact was signed, it had been a hard-fought bargain with the Labour Party at that time. It was not right (Mr. Allen) for MPs to be persistently shouting an amusing joke at the expense of a serious issue.

Mr. John Gilling (Newcastle, Jesmond, Lab.) said that it was time to move away from the Lib-Lab pact and to look for a new way of working with the Labour Party. He (Mr. Gilling) said that it was time to move away from the Lib-Lab pact and to look for a new way of working with the Labour Party.

Mr. David Madel (South Bedfordshire, C) said the Government was involved in a measure of subsidy in trying to combat high unemployment. He (Mr. Madel) said that the Government was involved in a measure of subsidy in trying to combat high unemployment.

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Government plan for Welsh television programmes defended

The Broadcasting Bill has completed its passage through the Commons last night.

Mr. William Whitelaw, the Home Secretary, said he proposed to request the BBC to ask the National Broadcasting Council and the IBA to ask The National Advisory Committee to report each year on television programmes in Wales. These reports would be laid before the Commons and which received, if they proved the Government's proposals wrong, the Government would be prepared to make changes accordingly.

He was replying to an amendment, moved by Mr. Geraint Morgan (Denbigh, C), to Clause 3 (Nature of the new Channel 4 Service and its relation to ITV) providing that programmes broadcast on the fourth channel for reception in Wales contained at least 20 per cent of Welsh language programmes transmitted in Wales.

Mr. Morgan said the amendment reflected the views of such bodies as the Broadcasting Council and the University of Wales. But most important of all, it appeared to be a sensible compromise between the views of the Welsh language parties representing Welsh constituencies in the House.

The Conservative Party's commitment to establish a Welsh language fourth channel appeared prominently in its Welsh manifesto and a selection of Welsh programmes was included in the Queen's speech.

Mr. Whitelaw, who cannot say as much as he would like to say about the Queen's speech, said it was not a Welsh manifesto. It was a manifesto for the whole of the United Kingdom. He (Mr. Whitelaw) said that it was not a Welsh manifesto. It was a manifesto for the whole of the United Kingdom.

Mr. Alan Williams (Swansea, West, Lab.) said it was appalling that there had been a Welsh language channel. He (Mr. Williams) said that it was appalling that there had been a Welsh language channel.

Mr. Alan Jones (Oxford, Lab.) said the Government had broken its promise to provide a Welsh language channel. He (Mr. Jones) said that the Government had broken its promise to provide a Welsh language channel.

Mr. Anthony Meyer (West Flint, C) said the Government had been wrong to give the pledge it had in the manifesto. The solution now put forward was the rational and practical one.

He was not impressed by the antics of some militants or by those who refused to pay their TV licences. Still less was he impressed by the white knights of Welsh politics and his rather absurd heretics—Mr. Gwynfor Evans.

A substantial number of reasonable men had mistakenly taken the line of a Welsh fourth channel as a kind of sacred cow before which they would bow down and worship.

Mr. Morgan (Gower, Lab.) said an unreasonable offence had been caused to reasonable people. The issue was that the Welsh language was fighting for its survival.

There was no guarantee that the fourth channel would, of itself, save the language, but there was no doubt that, rightly or wrongly, a strong body of opinion had been formed. It was a body of opinion which was not to be disregarded. It was a body of opinion which was not to be disregarded.

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Considerable surge in the prison population causing much strain

House of Lords

The country was disgraced by its treatment of convicted prisoners, Lord Richardson of Lullingstone (Lab.) said on Tuesday when he opened a debate on remand prisoners. He asked what immediate steps were being taken to meet the severe criticism in the May report of the conditions under which persons on remand were held.

He said the crisis which he and many others had prophesied for so long had arrived. The prison population had to be reduced as a matter of urgency. Hard-pressed prison officers employed on massive extra duty should be treated as an essential part in the prison. The shocking conditions in which people on remand were kept had to be ended.

Forty four per cent of those in jail on remand did not ultimately receive any custodial sentence or were acquitted. Each remand prisoner was kept in custody for a minimum of £12 a week, plus social security payments in families in many cases. Families were denied visits and people suffered the trauma of months of incarceration. Two or three men were sharing a cell built for one in the overcrowded prisons. They spent most of the time banging up or rotting in their cells because of lack of staff. Conditions were degrading in local prisons.

The law's delays were a scandal. At the Central Criminal Court, 20 weeks was the average time taken for a guilty plea. Average for a not guilty plea was 34 weeks.

The fundamental problem was the number of prisoners who were kept in custody for a long time. The fundamental problem was the number of prisoners who were kept in custody for a long time.

And not the time cost for remand in custody to face the trial of a case? Prisons and remand centres should notify courts of their available capacity and the courts should be notified of the number of custodial remands.

Lord Widgofield (L) said they should look carefully at whether there were categories of convicted prisoners who should not be in prison at all. If they could get rid of some of those they could to some extent improve the lot of many others.

He said the crisis which he and many others had prophesied for so long had arrived. The prison population had to be reduced as a matter of urgency. Hard-pressed prison officers employed on massive extra duty should be treated as an essential part in the prison. The shocking conditions in which people on remand were kept had to be ended.

Lady Macleod of Borve (C) said it was wrong to allow defendant armed robber, mugger, child assassin or had committed any crime of violence. He asked that there were people who had little or no idea of the viciousness and sheer ruthlessness of some of the criminal fraternity.

Lord Alford of Abbeydale (Ind) said that it was a matter of justice to deprive an unconvicted person of his liberty but quite a lot of people, once arrested and charged, were kept in custody until their trial.

It would be wrong to suggest that there had been a remorseless increase in numbers remanded in custody. In 1978, 22 per cent of those committed for trial were held in custody. In 1979 the figure was 19 per cent. The Bill Act had kept quite a number of people out of prison.

Lord Belsford, Under Secretary, Home Office, said it was the Government's policy to reduce the number of prisoners who were kept in custody for a long time. The Government's policy was to reduce the number of prisoners who were kept in custody for a long time.

These allocations were considered annually by the Cinematograph Film Council which advised the Secretary of State who made the final decision in these matters. He was well aware of the importance of these bodies and their need for financial support.

This Bill in no way pre-empted or prejudged the setting up of a new body, the Cinematograph Film Council, which the Government had as yet taken no decision on that subject. To set up an authority such as had been suggested would require major legislation and the provision of sizeable finance. Neither of those things was a step the Government could contemplate at present, although it did not rule it out for the future.

He was asked why the Government was not putting more money into the film industry in one way or another. The total sum was making available were not insignificant by any standards.

Without this Bill the NFFC would be unable to continue its work. The Bill would allow the Government to put more money into the film industry in one way or another. The total sum was making available were not insignificant by any standards.

The Bill was read a second time. The Bill was read a second time. The Bill was read a second time.

single cause for concern in the prison population. The main problem had been the dramatic increase in convictions for crime since the war. The latest figures showed that the prison population stood at 43,435. Of these, 5,311 were remanded awaiting trial or sentence.

The first of those figures represented a slight reduction over the high level in February and March. It was a slight reduction over the high level in February and March. It was a slight reduction over the high level in February and March.

Because of the disproportionate increase in juvenile crimes a limited amount of new accommodation specifically for untried young prisoners would become available at the end of the next year. The Government was committed to a policy of reducing unemployment by the means of a balanced budget.

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New bus licensing laws in October

Mr. Norman Fowler, Minister of Transport, said that the House accepted the Lords amendments to the Transport Bill which would bring its road service licensing provisions into force in October.

Licensing would no longer be required for long distance services and would be easier to obtain by private operators. The provisions would come into force in the spring of next year.

Safety standards were basic to the new licensing system. The Government intended to take away restrictions which prevented new services from developing. Thus one of the chief aims of the Bill would be to encourage new services for the travelling public.

Mr. Fowler, in another reply, said the Bill would remove the restrictions on the advertising of car sharing and he planned to bring the relevant provisions into force in October.

A new method of totting-up for traffic offences based on a points system which distinguished between serious and minor offences was proposed. The Government intended to take away restrictions which prevented new services from developing. Thus one of the chief aims of the Bill would be to encourage new services for the travelling public.

Mr. Fowler (Sutton Coldfield, C) said that the Government was committed to a policy of reducing unemployment by the means of a balanced budget.

Mr. John Miles (Meriden, C) said the Minister should give the matter some priority. There were millions of users of business cars on whom the present system could be unfair.

Notes for guidance are being prepared for the public and I am having discussions with local authorities, companies and voluntary organisations.

I am intending to encourage the simplest and most effective way of providing an increase in Welsh language programmes of a high standard in a way which would be acceptable to all viewers and the interests of the Welsh language in particular.

Mr. Geraint Howells (Cardigan, L) said the electorate in Wales was being misled by the Government. He (Mr. Howells) said that the electorate in Wales was being misled by the Government.

Mr. Eric Heffer (Liverpool, Walton, Lab.) said this was one of the most important steps taken by any government. The answer to the problem of the ports was not the abolition of this council but a policy of coordinating the council and bringing them under public ownership.

Mr. Fowler—What all our experience of bringing industries into public ownership, as we have in their right minds would go down that path.

Mr. Fowler—There would be public support for a change along these lines. The Government would not give a guarantee on legislation but I would like to make as much progress as possible.

Mr. Eric Cockerham (Ludlow, C) said the Minister should remove some of the petty offences which form part of the totting-up procedure.

Mr. Fowler—What we want is a fair system which at one end distinguishes between serious and minor offences and at the other end the less serious offences like some of the construction and use regulations.

Mr. David Stoddart (Swindon, Lab.)—What about bringing back the trolley bus?

Mr. Clarke (Rushcliffe, C)—The Government would not object to the reintroduction of trolley buses on the roads but there were no proposals at the moment.

Mr. Clarke—The Government was committed to a policy of reducing unemployment by the means of a balanced budget.

Mr. Mark Cardale, in a written reply, said I assume that Mr. Hawley is referring to a report in The Teacher for June 20 that there was a school in Wellington which has no textbooks. I have approached the editor of The Teacher who tells me the school concerned is in Wellington, Staffordshire, and I understand that the source of his information was Mr. Neil Kinlock (Bedfordshire, Lab.).

I have made inquiries of the Staffordshire local education authority who categorically deny the allegation that the school in question has no textbooks. And I can only conclude that there is no truth in the story.

Legislation coming to end Ports Council

Mr. Norman Fowler, Minister of Transport, announced that he intended to introduce legislation to end the Ports Council.

The legislation would provide for the transfer to his department of the functions of the Ports Council which could not be taken over by the British Ports Association.

Mr. Fowler said he was saving the industry which at the moment financed the council through a levy system which cost them over £1m a year. The council was supported overwhelmingly by the industry.

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Electrification schemes for British Rail

Mr. Kenneth Clarke, Parliamentary Secretary, Ministry of Transport, said that the Government was committed to a policy of reducing unemployment by the means of a balanced budget.

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Change in independent TV levy not ruled out

The Government was not proposing any change in the independent television levy, Mr. Kenneth Clarke, Parliamentary Secretary, Ministry of Transport, said.

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The Peugeot 505



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"The new car that offers excellent handling and power steering as well as an outstanding ride to complement its very respectable performance."

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What Car? magazine April 1980

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Sunday Telegraph, December 1979

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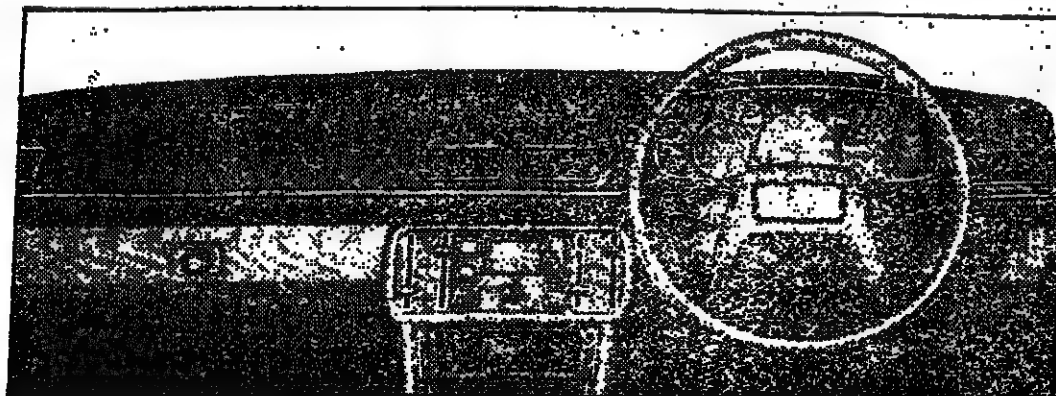
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Financial Times, December 1979

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Daily Telegraph, November 1979



505 GR Dashboard

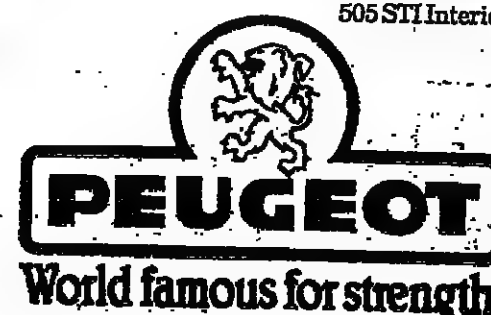


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CLOSE LOOK AT THE CITY

Committee of which the Prime Minister Sir Wilson was the chair, examined the financial and their place in the city in more detail than has been attempted before. Its report, which was published yesterday, has taken a long time to produce. The work of the committee was a change of Government, much of what it has already filtered out has been evidence in the public mind. Nevertheless, a review of the financial institutions of the city is of great public importance. Some of the issues it touches on the day-to-day of most people in this particular city. It is either through a pension, an insurance policy, the High Street savings banks, the nature of weighty verine wide and comets, that their true income or lack of it can properly be judged after of time has elapsed. Particularly the case with a report since the commission created for what the time to be unpolitical reasons. By City had fallen into after a series of financials which had culminated in the secondary banking years earlier. Mr the Prime Minister, self cornered. A wide view had emerged from trade unions and the of the Labour Party reasons for Britain's decline and thus the importance of the economic

only as a whole, had much to do with a tardiness by the financial sector in providing sufficient funds for productive investment. One answer, which Mr Callaghan recognized as an "electoral albatross", put forward by the Labour Party's National Executive, was to nationalize the sources of finance, the banks and the insurance companies. Mr Callaghan called for the Wilson inquiry to defuse these calls from the left, but he also gave the committee a task—the investigation of any consequence of the financial system for nearly 20 years—whose importance could not be underestimated.

So, apart from the political relief which this may have afforded the last Government, the question now is whether the Wilson Committee has been worthwhile. In one sense the answer is already beyond doubt. The fact that the committee called for evidence from a wide variety of government departments, financial institutions, organizations and individuals and published this evidence and the oral evidence which followed has enormously increased public knowledge of how the financial system works. Moreover, the fact that it was prepared to point to areas of potential concern as it went along, created an environment in the City in which only the foolhardy did not go in for critical self-examination. This open debate has proved to be constructive, and it should have a lasting effect in breaking down the barriers of secretiveness which had existed among many City institutions.

Of the controversial matters—whether public ownership should be extended into the financial sector; whether industry has been starved of funds by the institutions and lending banks, and the question of whether there should be a direction of institutional funds into manufacturing investment—Wilson has disposed of all but one.

It found that nationalization would not be helpful; competition in banking and insurance was increasing. On the flow of funds to industry the committee found what most people expected it to find—that the funds are available if the returns are realistic. And the reality of course is that at present low productivity in British industry means that the returns available are clearly unsatisfactory. On the direction of funds, though, the committee split. While the majority agreed that the mechanism for providing industrial finance could be more flexible, a minority—the chairman and the four trade union members—argued for a new £2,000m investment fund which would channel a portion of institutional funds and of North Sea oil revenue into manufacturing.

Time will tell whether the Wilson Report is remembered for the misconceived note of dissent and its inability to completely overcome its political antecedents. But if that did turn out to be the case it would be unfair. On many subjects—the lack of competition among building societies, the largely unregulated power of the pension funds; the lack of understanding within the City of the problems of industry and the need for a self-regulatory machinery that can be seen to be non-partisan—it has valuable things to say which needed saying. The debate will start now. It is the City's responsibility to ensure that this debate is constructive; to examine closely the criticisms made by Wilson and to make changes as quickly as possible if they are found to be necessary.

OPS ALL ROUND

has been a chief schemes for church convergers, involving of England and the hes, since Archbishop ealed to the latter to copy into their system enough, it looms a proposals for "cov- which mark the pres- route towards the f unity.

ly the Church of Eng- great store by its of bishops. Standing of apostolic succe- the visible sign of of England's incar- the catholic and -church—although the Rome is on record as ig that claim. The hes on the other hand ir histories the deli- cation of episcopacy, he controversies en- these differences of exhaustion, episc- place in ordination try remain enough of a block to cause ecum- delicately.

tem is that, whatever alidity the new more -gicism may com- minisries of the Free they are wanting in if in nothing else, to be remedied with- to impugn those n a manner unaccept- wearers? Earlier

proposals for Anglican-Methodist unity came unstuck partly because the ceremony that was devised for effecting mutual recognition of ministries was held to be ambiguous. It contained a passage that could be understood to mean the reordination of ministers by those who believed that to be a requirement, and could be held to mean no such thing by those who believed it to be an insult.

The joint council which has drawn up proposals for a covenant between the Church of England, Methodists, the United Reformed Church and two smaller denominations, has been careful to avoid the same mistake. The essence of the scheme is that, while the churches which have not already done so bind themselves to take episcopacy into their system, and while the grand covenanting service will include token ordination of at least one priest (twent large as presbyter) and one bishop from each of the covenanting churches, no one will be subjected to anything that could be construed as reordination. The ministry of each church will become fully acceptable to the other churches by virtue of their common participation in the covenanting service and (from the Anglican point of view) by virtue of their common acceptance of the future of bishops in the historic succession.

Therefore—and this is the chief point causing three high-church Anglicans on the council to dissent from its proposals—moderators of the United Reformed Church will not have to be bishops at the outset, though they have agreed to be on reappointment. But they will be regarded as "persons carrying out functions analogous to those of bishops" and will be treated as bishops. The dissenting Anglicans regard this as endorsement of "a personal episcopal ministry... by persons who have deliberately not sought, or been presented for, ordination as bishops within the historic episcopate", and as amounting to toleration of "a wholly functional view of episcopacy". That they say contravenes "a fundamental principle of Catholic order" and is enough to vitiate the entire scheme.

It must be said that when the three high churchmen find so much else acceptable in this novel resign for a slow-motion merger, the ground upon which they reject it—that it entails the temporary toleration of a handful of moderators whose churches will have accepted bishops and episcopal ordination for the future and who are themselves willing to be made bishops, if wanted, on expiry of their current seven-year term of office—looks narrow.

OF AGGRESSION BY VIETNAM

troops had crossed into Pakistan refugee camps, or had won Pakistani planes, fresh troops to dig to the camps, Mr hot line would be strong protests. The troops had with- a retaliatory raid, or air-aircraft guns had Afghan territory, and zhan refugees return- own country were Pakistani plot to ru- haval nationalists strug- tain, their Soviet could be dismissed as ceptable excuses.

accounts confirm that has happened with incursions from into Thailand, the isters of Asean meet- a Lumpur have every protest, especially of them have been recent weeks by Mr Thach, the Vietnam- minister, assuring Vietnam's peaceful Admittedly he refused inch on Vietnam's

determination to keep Kam- puchea and Laos under their own control as firmly as Vietnam's Russian allies have always held down their eastern European satellites.

In this latest action the Vietnamese are reacting to their worst and least founded sus- pitions. They say that the return- ing refugees come from camps under Khmer Rouge control and that by encouraging their return Thailand is fulfilling its policy of support for the Khmer Rouge, and thus acts as a willing agent of China. Thailand must there- fore be taught the lesson that on the Kampuchean border it is Vietnam's not China's wishes that count. There is no recognition that Thailand has been over- burdened by refugees, or that the United Nations is involved in the arrangements for people who simply want to go back to their own homes. If China is behind it then the Thais must be brought into line by the only means Vietnam is accustomed to—military force.

The Vietnamese also want to divide Asean. They observe that Malaysia and Indonesia are more

workers' safety

C. Blyghton
nan Moss' article (June great consideration by ity at large. We have who have plutonium r lungs. We have other posed to the effects of id who have had ex- the so-called permitted

a clear case for the ards to be vastly im- more important, there r a complete appraisal eds by which these rids are maintained and at regular intervals. We should be one over- authority, but it seems

Protest boycotts

From Mrs Pearl Venit
Sir, I read the paragraph in Roger Barnhoof's London Dairy today (June 24) about cheap Russian clothes pegs, and the question of how many Afghans will have to die before Fine Fare stops importing them.

I was in a group who met Vladimir Bukovsky when he arrived here in 1977 after many years in prison in U.S.S.R. He told us that before we bought any of the wooden articles exported from Russia we should remember they were made at the cost of many lives in Russian labour camps.

Yours truly,
Pearl Venit
6 Bourne Avenue, N14
June 24.

Against national wage bargaining

From the Director General of the Institute of Directors
Sir, You are right in your leading article today (June 25) to draw attention to the chain of cause and effect which lies behind the continuing rise in unemployment.

Attempts to balance public spending with public revenue have in the inevitable concomitant of a temporary rise in unemployment. It is no less inevitable that once a balance has been struck the rise will halt.

The present concern of the Institute of Directors is twofold. Excessive reliance is currently placed by Government strategists upon the use of high interest rates which cast the primary burden of monetary control upon a private sector whose failings have been exceeded by the fiscal profligacy of the state and the dying industries which it has striven officiously to keep alive.

Interest rates are an extreme sanction. The primary remedy must now be the further round of public spending cuts, in operational areas rather than capital projects, from which the Chancellor unwisely shied away in his last Budget.

Our second concern is that the clarity and simplicity with which the Government's economic strategy featured in its manifesto has not, with honourable exceptions, been followed through in office. It is this failure which has led to unemployment being seen as an "unpleasant and unexpected blight".

Perhaps the difficulty owes something to the fact that the Conservative Party itself is, if not as one commentator has suggested, for the past decade, patently paternalistic and paternalist, at least not clear upon the logical consequences of its own economic policy.

But ministers must be urged to plan positively to maximize employment opportunities within the constraints of the market. The Department of Industry and Employment must lead a move away from national wage bargaining, which has been a significant factor in pay settlements unjustified by productivity. Pay settlement levels will come down only when they are

Defence and the Labour Party

From Mr Frank Allain, MP for Salford East (Labour)
Sir, I have seldom read a Times editorial with which I found myself in greater disagreement than Labour's "Dangerous Issue" of June 23.

The party's television programme and the London march had three aims: No Cruise missiles on British soil. No new generation of nuclear weapons in succession to Polaris. No increase in arms spending. That is strictly the policy of the Labour Party as laid down in its statement "Peace, Jobs and Freedom", carried by a huge majority of over five millions at our special delegate conference on May 31.

This policy is unconditional. It does not depend on reaching agreement with any country on any weapon. We believe that this is our contribution towards securing real progress in disarmament, and at the same time making our country less of a launching pad for American missiles, and therefore less likely to be incinerated. Unlike Mrs Thatcher's Cabinet, we do not want to win a war against Russia; we want to prevent it. The only outcome of World War III would be ashes.

What is the alternative? To sit back and wait for six years, the world's representatives have done at the Vienna talks, without reducing stocks of conventional weapons by a single rifle? The explanation is that each government is so suspicious of the others that it always waits for the others to act first. We believe that limited unilateral action can cut the vicious circle.

Your leader writer may consider this as quite unrealistic and impossible in the world as it is. Not so. At the United Nations General Assembly on Disarmament, the statement all made magnificent speeches, and then went home and accelerated the arms race. With one exception—Mr Trudeau. He declared that forthwith the Canadian Air Force would disinvest itself of its nuclear bombs in both the American and European continents.

And this was carried out. His policy—far from leading to the loss

of electoral ground which you said would result—was followed by Mr Trudeau's general election victory. Canada may have a much smaller population than Britain, yet strategically she is a most important country.

It is worth recalling that two months ago The Sunday Times published a public opinion poll for MORI. Despite the daily deluge of propaganda in most newspapers and television programmes, a clear majority was in favour of reduced spending on arms. So perhaps a cut in arms expenditure is no vote loser—particularly if the savings are devoted to housing, health, education and reequipping our industries.

It seems that The Times' heart is bleeding for the poor old Labour Party, although this has not been especially noticeable previously. As the long column progressed through the onlookers (and the rain, on Sunday, June 23, I was convinced by showing itself to be the peace party, this demonstration was doing Labour a power of good.

The article thought that unilateralism was a better issue for Labour than "winners" in a fight on the Common Market. They are perfectly entitled to do so. Moreover the party today is far more tolerant than it was 20 years ago. But they are not entitled to our leaders carry out the elementary spokesman of the party if they do not accept its views.

There are Labour men and women who urge a more radical foreign and defence policy. I suggest it would be better for them to insist on our leaders carry out the existing one. Your leader is asking them to flout it. It is this difference between the policies carried by the membership and those carried out by our parliamentary leaders which has sickened and disillusioned many. This is really the origin of the demand for constitutional reforms to prevent by greater democracy this happening again and of the wide support the demand is obtaining.

Yours sincerely,
FRANK ALLAIN,
House of Commons.

Way ahead for S Africa

From Mr R. H. Schurink
Sir, I believe that, after the tragic riots in Cape Town, white South Africans are re-examining their position as never before. Each of us must begin to see ahead a time when unrest is so widespread that it makes impossible the proper functioning of this country, despite its infrastructures of all kinds which are so much stronger than those anywhere else in Africa.

Only at the end of last month, the president of the National Institute of Metallurgy here, Dr Lou Alberts, told a conference in London (National and International Management of Mineral Resources) that companies which buy their raw materials here could be assured of security of supply because of the strength of our technological and scientific infrastructure. But doubt—and disaster—in customers' minds must become a factor.

That is the threat which exists for the West's management community at large: an enormous opportunity related to the creditable free enterprise management infrastructure we have here. The latter must be sensitive to "rationalisation thinking" and must be able to put forward free enterprise management, and would in its turn pass it on to government.

Difficult to arrive at internally (where in the world is self-rationalisation a developed talent?), such thinking would aim at getting the Africans, who must be guided by their own priority needs. As a community they don't have a priority need for their present wide hegemony, bequeathed to them by various factors in history. They do

Spouse's property interests

From Mr Harry Kanter
Sir, As the solicitor involved in the Williams and Glyn's Bank Ltd v Boland (Law Report, June 20), in which it was held that a mortgagor's wife, if occupying the home at the date of the mortgage, could enforce any interest she may have in the home against the mortgage, in reliance upon the Land Registration Act 1925.

First, in unregistered land conveying one is certainly obliged to consider the interests of persons in occupation. Hence ignorance of a third party's interest of the kind referred to in the above case does not certainly have been no defence or answer by the Bank if the land had not been registered at HM Land Registry, where the Bank had made no enquiries.

Secondly, in the Section 199 of the Law of Property Act, 1925, it is clear that a purchaser takes a property free from any matter which is capable of registration at HM Land Charges Registry, or where it is not so capable of registration, notice of such matters where, as a matter of prudence business men would, in the normal way, have made such enquiries which would have elicited the existence of such matters.

It follows that in all matters of occupation, occupiers rights in unregistered land depend on notice (actual or constructive) and in the case of registered land it is the fact of occupation.

The fact that certain banking institutions in the past have been lax is no answer. The average wife (in this case) has no wish or thought to protect her interest at law by registration and it would be wrong, if it is submitted, to make such a provision unless unequivocally such an occupier were by law given a clear option by notice to register or else lose his/her rights. Yours faithfully,
HARRY KANTER,
Juridical House,
2 Shepherds Bush Road,
Shepherds Bush Green, W8.
June 24.

From Mrs J. E. Martin
Sir, Mr Derek Wheatley's letter (June 24) expresses fears as to the implications of the recent decision

of the House of Lords in Williams & Glyn's Bank Ltd v Boland (Law Report, June 20), in which it was held that a mortgagor's wife, if occupying the home at the date of the mortgage, could enforce any interest she may have in the home against the mortgage, in reliance upon the Land Registration Act 1925.

Mr Wheatley rightly says that, in the case of unregistered land, the purchaser's (or mortgagee's) title can only be impugned if he had actual or constructive notice of the wife's interest. He draws the conclusion that the purchaser's task is, as a result of the decision, more difficult if the title is registered than if it is unregistered. It is by no means certain that this is so. Where the vendor's (or mortgagor's) wife occupies the home with her, there is indeed authority that this fact does not give the purchaser constructive notice (Cannock v Pearce [1959] 1 All ER 723), but it is most unlikely that this decision has survived the adverse comments of the Court of Appeal and the House of Lords in the Boland case and elsewhere.

As for the claims of mistresses and others, the purchaser's position is not in theory made any worse by the recent decision than it was before: it had already been decided that persons other than the vendor's wife could rely on the relevant provision of the 1925 Act if in occupation (Hodgson v Marks [1951] 1 Ch 892). In short, Mr Wheatley should be concerned, but not alarmed.

Finally, the suggestion as to registration of interests such as that claimed by Mrs Boland is not new. (See the Law Commission's Third Report on Family Property and the recent Matrimonial Homes (Covenants) Bill.) It remains to be seen whether or not such a scheme would prove as damp a squib as the registration provisions of the Matrimonial Homes Act 1967.

Yours faithfully,
JILL MARTIN,
Faculty of Laws,
King's College,
University of London,
June 24.

Criminal law reform

From Professor Glanville Williams, QC, FBA
Sir, Mr Bennion's proposed new offence (June 19) would parties in the law, but it is far from being the best solution. The proper way to remedy a defect in the law is to amend that law, not to leave the defective law alone while adding another law creating yet another offence.

The defect with which Mr Bennion is rightly concerned is that in law one cannot attempt the impossible (though in morals and ordinary speech, of course, one can). So the proposed offence cannot attempt to deal from a pocket that happens to be empty, and one cannot attempt to kill a policeman by pumping bullets into his recumbent body if he happens to be dead already. Mr Bennion would allow this rule to continue, but would enable the prosecution to charge a new offence of committing a res-

Too much football

From Dr Philip R. Evans
Sir, After our own very long domestic soccer season, we have now seen the close of the sadly unimaginative European championships in Italy.

Many of the England players failed to reproduce the form of which they are capable and surely this is not surprising when successful teams, such as Arsenal, Liverpool and Nottingham Forest, play approximately 70 matches in a season and, at times, three matches a week.

When will the game's administrators, and the clubs themselves,

create a more sensible system, with smaller divisions and fewer games? This, I think, would eventually be beneficial to both the clubs and the national team.

Soccer has other problems of absurdly high transfer fees, many clubs failing financially, and often very poor facilities for spectators. In time, perhaps, solutions can be found, but a start could be made with smaller divisions and fewer games.

Yours faithfully,
PHILIP EVANS,
3 The Chestnuts,
Harringer,
Bury St Edmunds,
Suffolk.

East European studies

From the Master of Corpus Christi College
Sir, I would like to endorse emphatically the points made by Professor Setoo-Watson and his distinguished academic colleagues in their letter (June 24) about the importance of East European studies at the present juncture of international affairs. As a former Ambassador to Yugoslavia and the Soviet Union, I have a special interest in South-Eastern Europe and its relations with the Soviet Union.

However I believe that this interest is widely shared by all serious students of international affairs. If it is to be intelligent and well-informed, it must be based on a sound knowledge of the history of the South-Eastern European countries. It seems peculiarly shortsighted and against our own national interests to cut down the staff of the School of Slavonic and East European Studies to a level at which it becomes impossible to teach and study the history of South-Eastern Europe.

Yours faithfully,
DUNCAN WILSON,
The Master's Lodge,
Corpus Christi College,
Cambridge
June 24.

Husband and wife

From Mr D. R. Thorpe
Sir, You write today (June 14) of the honours conferred on Lord and Lady Soames, that it is to be the first time that a husband and wife have appeared at so high a level in the same honours list.

In fact, there is a happy similarity in the Honours List of 1925 when Austen Chamberlain, then Foreign Secretary, was made a Knight of the Garter following the successful negotiations leading to the signing of the Locarno Pact and Lady Chamberlain: "Ah, Madame, without your husband I would never have attempted it".

Perhaps both in 1925 and 1980 it could be fairly said that without their wives the husbands would never have succeeded and that both the subsequent Honours Lists recognized this special achievement.

Yours faithfully,
D. R. THORPE,
Brooke Hall,
Chamberhouse,
Godalming,
Surrey.
June 14.

The road to Kew

From Professor L. S. Pressnell
Sir, Philip Howard's gentle plea ("Not a record to be proud of on the road to Kew", The Times, June 23), for recognition of the contemplated exile of major historical records, and hence of their users, to high-inconvenient Kew, deserves support. Should there not also, however, be longer term re-examination of that unfortunate decision several years ago, which has already assigned to Kew the major part of the public records? In the overall balance of national cost and benefit, any resultant saving must be quite substantially offset by the heavy expense of time and travel for would-be users, to which Philip Howard refers.

Those who chase Kew (curiously themselves to be regular users of the Public Record Office), rather than a more sensible, central, site seem to have limited their choice largely, if not entirely, to sites already in Crown possession (Lord Hale's Road Chancery, House of Lords Reports, March 16, column 531).

Professor Anthony Blunt

From Professor Max Beloff, FBA
Sir, The expulsion of Professor Anthony Blunt from the British Academy was hitherto a very remote possibility, but Mr A. J. Taylor's promise to prominently report in your columns today (June 24), to resign from the Academy if that event occurred has now rendered expulsion a virtual certainty.

Yours truly,
MAX BELOFF,
The Athenaeum,
Pall Mall, SW1.

Playbuses: must this really be the last stop?

Fifty old double-decker buses are in a jam. Far from being stuck on the road, many are suddenly being put to use—unless someone, somewhere conjures up a bit of midsummer magic.

The vehicles had visions of themselves as mobile playcentres, like the 105 other playbuses already in action. But unless somehow between now and the end of June, the National Playbus Association can find £1,000 and be saved from closing, not only will the majority of double-deckers stay in retirement but one of the most imaginative movements since the start of playgroups will be at risk of disappearing.

The first playbus ran in Liverpool just over 10 years ago. Today they function in dozens of different localities, as far apart as Aberdeen and Plymouth, opening up a new world of excitement and learning for countless children.

A playbus is not just a gaily painted old crack that carries transport fiends can clamber over and explore. It is more a wonderland on wheels: a roving playcentre, converted caravan fashion, with facilities that can adapt to an infinite variety of community uses.

High on the list of favourite activities are playgroups or mother and toddler clubs. Although there are any number of possible lay-outs, typically one deck might be devoted to 'messy' play—sand, water, paints—the other perhaps to table games and books. Usually the driver and an assistant act as playleaders and while the children have fun and make new friends, the mothers can either join in or chat comfort-

ably among themselves with a cup of tea.

Many local authorities hold regular sessions for groups of children, benefiting both the youngsters who enjoy scope for creative play and the mothers who can meet and exchange ideas. Some areas make a feature of catering for handicapped children, others use the playbus as a means of providing crèche facilities for mothers with hospital appointments or who are prison visiting. Another idea that is fast gaining popularity are adult training courses and literary schemes. Because the vehicle effectively transforms into two rooms, parents can study upstairs while their offspring play happily below.

Some playbuses do the rounds as travelling toy libraries; others go showbiz and perform as street and puppet theatres. Like all the best fairy stories, there is scope for endless fantasy and appeal for all age groups.

Holiday playbuses abound. Additionally for school children, there are craft workshops, junior larch day clubs plus careers and other counselling events. In many districts, playbuses are also proving invaluable as meeting places for pensioners' functions.

The whole beauty of a bus is its immense flexibility. It can go where it is needed, operates on a comparative shoestring (average running costs including playgroup staff are estimated at about £6,000 annually) and can be used intensively. Most playbuses will probably be out on the road for nine or 10 sessions a week and while some specialize in providing a



John Langman

specific service, others are genuinely multi-purpose.

In total Tim Hobbs—Organiser of the National Playbus Association—reckons that 35,000 under-fives are benefiting a year, as well as 2,000 to 3,000 older children a week. The special holiday schemes are catering for a further 13,000 or so youngsters, weekly, many of whom might otherwise be roaming the streets.

But it is not just children's imaginations that are being captured. Jo Harper, Playbus Treasurer of Humberside and Fulham, says the mothers also gain through meeting and having companionship. "The informality of the bus breaks down barriers and sets people chatting more easily," she enthuses.

In Wandsworth, Rosemary Taplin says that the playbus

acts as a splendid catalyst for initiating new pre-school activities. The mothers come along, get ideas, talk to our playleaders and then some of them go off and start up their own ventures.

Nearly all playbuses are autonomous in the sense that they are bought, converted, financed, often with urban aid help, and run independently by local authorities or voluntary

groups. But the driving force behind the concept—and with-out whose guidance many of the existing playbuses would never have become a reality—is the National Playbus Association.

In a phrase, and no apologies for the pun, the NPA provides an omnibus service. It is a voluntary organization that aims to promote, aid and develop the use of playbuses by offering a contact point for information and step-by-step guidance at every stage that is required: advice on purchasing a vehicle, conversion know-how, assistance over local fire regulations and other safety precautions, insurance wisdom, general organization and ideas on how to maximize the potential of a playbus. The NPA also operates a couple of loan buses to help tide over groups whose vehicles are being serviced, arranges a national three-day training course and is currently planning to pioneer a new adventure bus and a conversion workshop.

Additionally, there are the 50 double-deckers in various stages of transformation, which it was hoped would be operational within the next few months.

"It seems ironic," says the NPA's chairman, Andy Wilson-Chalton, "that we should be facing a financial crisis as a result of our success."

The term "ironic" is hardly adequate. If the National Playbus Association is forced to close, it will be a real tragedy.

Rosemary Brown

Guest Column

Breaking an old taboo

This week's guest columnist is John Pringle, president of the National Schizophrenia Fellowship

A tenth anniversary last month records the part played by *The Times* in getting a significant piece of social change launched in Britain. In the issue of May 9 1970 an article appeared entitled "A Case of Schizophrenia" in which a father described what happened when a family was hit by this distressing mental illness in one of its members, how they coped or failed to cope, the help they got or failed to get, the whole bizarre business of having to deal with doctors, hospitals and mental authorities over a sudden disaster.

The author expected no reaction to his article, except that it might shake up some public authorities to do something about those failures in "coordination and communication" which he felt it "seem to hang about the administrative management of schizophrenia almost like a grim parody of the condition itself". But letters poured in privately. Some said their own son's or daughter's case was a carbon copy of the one described. Many had their own examples to give of ignorance, indifference or mismanagement. Nearly everyone complained of incomprehension or distortion of the facts about schizophrenia in the public press and damage done by sensational films and paperbacks and by the "blame the family" schools of fringe psychologists.

The overall reaction to the article among relatives was one of relief. It was as though some logjam of ancient taboo had been broken, some suffocating blanket of hush-hush punctured. Many relatives spoke afterwards of the new freedom it had given them to discover that they were not alone. There was pressure for voluntary action to keep up the impetus.

So the National Schizophrenia Fellowship came into existence, its inception being helped, as it gratefully acknowledges, by the late Moira Keenan, the distinguished women's page editor

of *The Times*. While Fellowship would be the to agree that many individual and agencies have given dev services to schizophu sufferings, the Fellowship has been to harness the notion of relatives both to impi their own methods of co and also to procure change community provisions. A new voluntary body it can the right time to fill a need.

The phenothiazine drugs modern medical and nursing attitudes. What has brought about the whole discharge of chronic schizophrenia patients from me hospitals in the fifties ought have been accompanied corresponding improvement in community provisi hostels, re-training program day centres and the like. I did not happen. People using shelter and protection were often discharg to nothing. Call it failure planning in provision of plain common sense, the sh had to be taken by someb which meant, in effect, casual wards, the police, Salvation Army and above by relatives, if the patient I any.

Lessons learnt the hard way are now made official generally by the Fellowship. From its head office in S biton and through a netw of branches and local grou and recently through the regional offices it has opened up a new world of hope and gives practical advice and h with the management of illness, acts as a go-between a in general tries to make almost unendurable hur easier for all involved.

It has won general accp ance among professions. Doctors at first suspici make referrals to it. Sucee live governments have acce financial grants which, if duced costs of hospitalizat The Fellowship, however, much more than a self-hel body. As a national organiz it keeps a watchful, at the even a suspicious eye on me health policy making. It mak its own recommendations wh necessary, as recently with d Department of Health's p body changes in the 1979 Me al Health Act. It has sponsore research and is about to pu sor some more, and has pu lished a wide range of publications.

But above all it is in busine to persuade the public the mental illness may be one the great limiting conditions human advance, and that bear it, and the crippling ill ness of schizophrenia in parti cular, represents a challenge concern to all of us. The chalenge is immensely hard be cause the problems are mor complex and intractable tha those involved in transplant surgery, say, and, as a comparison perhaps immeasurably hard than the merely physical prob lem of getting a space-prob to Saturn.

The next ten or 50 years may see a breakthrough. Meanwhile today's sufferers have to be cared for.

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The Times Cook



Shona Crawford Poole

Baking bread, roasting coffee, and almost anything sizzling on a barbecue are just about everybody's notion of the best cooking smells. Nothing whets the appetite quite like the aromas which waft from a charcoal grill on a still summer's evening.

Roasting a whole lamb or a small pig is barbecuing on a grand scale and beyond my experience. Living in central London with only a balcony on which to practise this ancient art, my efforts are confined to the modest miracles which can be achieved with a hibachi barbecue the size of an office fan.

On the Shoparound page next Saturday Beryl Downing will describe a selection of more elaborate barbecues and other paraphernalia for outdoor cooking. So here are some of the recipes I like best when I want to cook something more interesting than steak or sausages.

Most barbecue recipes involve a marinade of some sort. The one which effects the most dramatic transformation is a spicy tandoori marinade. Its journey from the north-west frontier of Pakistan to the back gardens of Britain via countless restaurants has been swift. But such is its popularity that the spices can now be found ready blended and labelled tandoori masala or tandoori spice mix.

The following recipe measures the spices individually. If you are using them ready mixed substitute two tablespoons of tandoori masala for all the spices listed.

Tandoori chicken is the best known of these dishes. Whole joints of chicken are skinned, the flesh slashed half way to the bone in several places, and soaked in the marinade for 12 to 24 hours before being cooked. As timing the cooking of barbecue food is a matter of experience, smaller pieces of chicken, off the bone, are easier to get right first time.

Steeped in spice

These are best threaded on skewers for grilling, as are large, uncooked prawns, or cubes of lamb which have been marinated in the same way. The prawns need only two or three hours marinating.

- Tandoori marinade**
1 medium onion
4 large cloves garlic
30g (1oz) fresh green ginger
250ml (8 fl oz) natural yogurt
4 tablespoons fresh lemon juice
4 tablespoons vegetable oil
1 tablespoon ground coriander
1 tablespoon ground turmeric
1 teaspoon ground cumin
1 teaspoon grated ginger
1 teaspoon ground cinnamon
1 teaspoon freshly ground black pepper
1 teaspoon ground cloves
1 teaspoon cayenne pepper
2 teaspoons salt
2 teaspoons orange Indian food colouring (optional)

Peel and roughly chop the onion, garlic and ginger. Using a food processor or pestle and mortar, reduce them to a smooth paste by adding all the remaining ingredients.

Serve extra lemon wedges to squeeze on the food when it is cooked. Marinating cubes of lamb or beef for kebabs makes all the difference not just to the taste of the meat but also to its texture. Yogurt, lemon juice or wine are acid ingredients which help to tenderize the meat as well as adding flavour. Oil in the marinade or pieces of bacon on the skewers, baste the meat and stop it drying too much.

For flavour and texture thread bay leaves, button mushrooms, pieces of red or green pepper and onion slices on the skewers. Blanch the pieces of pepper or onion in boiling water for a minute or two and they will be tender by the time the meat is cooked.

The following yogurt marinade is particularly suitable for lamb kebabs. Serve them hot Arab pitta bread, or French bread, and a big green salad.

- Yogurt marinade**
150 ml (1 pint) natural yogurt
3 tablespoons olive oil
2 cloves garlic, crushed
2 tablespoons chopped parsley
1 teaspoon salt
1 teaspoon freshly ground black pepper

Combine all the ingredients and mix thoroughly together. Soak the meat in the marinade

for at least four hours before cooking. Chicken or pork a marinade which includes so sauce is good. Use it to coat joints or smaller pieces of chicken, or cubes or chops o pork.

- Soy marinade**
4 tablespoons olive or vegetable oil
4 tablespoons dry sherry o white wine
1 tablespoon soy sauce
1 clove garlic, crushed (op tional)
1 teaspoon salt
1 teaspoon freshly ground black pepper

Combine all the ingredients and mix thoroughly together. Soak the poultry or meat in the marinade for at least two hours before cooking. Herb marinades can, complete almost any kind of meat or poultry. A little tarragon thyme or rosemary for chicken or lamb, bay parsley for beef.

- Herb marinade**
4 tablespoons olive oil
4 tablespoons dry red or white wine, OR lemon juice
1 clove garlic, crushed (op tional)
1 to 2 tablespoons fresh herbs chopped, OR 1 teaspoon dried herbs
1 teaspoon salt
1 teaspoon freshly ground black pepper

Combine all the ingredients and mix thoroughly together. Soak the poultry or meat in the marinade for at least two hours before cooking. Once a barbecue is alight, seems a pity not to make it most of its cooking power. Whole corn on the cob taste nuttier and better when cooked on a barbecue than in any other way. Tinned cobs are cooked already, and fresh or frozen cobs are best par-boiled before grilling. Either way, baste it corn with melted butter or mixture of melted butter or honey.

To end the meal, we toasted marshmallows are, course, a cliché, but they are a great fun too. A fondle fork the ideal implement for paling a marshmallow as swirling it slowly over the heat until it is swollen, and cri on the outside and quite melt the missing ingredient.

In last week's recipe, I strawberry cheesecake the whites were omitted from a method. They should whisked and the marins added to the filling, togeth with the whipped cream.

BELL'S
SCOTCH WHISKY
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Stock Exchange Prices

Equities recover

ACCOUNT DAYS: Dealings Began, June 16. Dealings End, June 27. 1. Gonçalo Day, June 30. Settlement Day, July 7

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Stock Markets

FT Ind 465.9, up 3.2
F Gils 69.78, up 0.13

Sterling

\$2.360, unchanged
Index 73.7, unchanged

Dollar

Index 63.6, up 0.2
DM176.82, down 13 pps

Gold

\$625.50, up \$21

Money

3 mth sterling 17.16
3 mth Euro \$ 94.94
6 mth Euro \$ 91.94

IN BRIEF

More than half of new tilt-edged stock sold

The Government probably sold more than half of the new 400m long-dated gilt-edged stock (Treasury 10 per cent 0) which went on sale yesterday morning. This would mean that yesterday's tender would have been more than 510m, stock having been offered on the basis of an initial bid of £30 per cent. All tenders were allowed in on the basis of the minimum tender price of £36 per cent.

Electrical imports are continuing to grow, according to the Domestic Electrical Manufacturers' Association. Home manufacturing deliveries were 19 per cent down during April while goods rose by 20 per cent.

Link with RCA. Associated Communications is its joint venture with RCA Records. The new unit will be 51 per cent owned by RCA and 49 per cent by Associated.

Job to go. Delta Metal Company is to close its brass rod factory in Letchworth, Herts, making 400 employees redundant. The company produces about 20 per cent of the country's rod output.

d up \$21. A share yesterday to a price of £21 in the London market.

Council to go. Government is to abolish the Council of Ministers' Council, a body which has been in existence since 1974, because of poor weather, the transport drivers' strike and high interest rates.

Job lay-offs. The bank and safe industry will lay off 200 jobs at its Brighton cash factory. Last year the bank's profits were £15.3m in £7.23m.

Man re-elected. Nicholas Goodison was re-elected as chairman of the British Bankers' Association at a meeting of the council yesterday.

Trade surplus. A visible trade surplus of £50m was recorded in May, compared with a deficit of £35m in April, 1979.

Vickers and Rolls-Royce Motors merging into £90m engineering group

By Ronald Pullen

Vickers and Rolls-Royce Motors yesterday announced the terms of a merger which will make the new group one of the largest engineering companies in the country. Rolls-Royce Vickers will have sales of more than £500m, shareholders' funds of £230m and a stockmarket valuation of £30m. A joint announcement from the two groups stressed that the merger "will create a group with the size, reputation, spread of businesses, financial strength and management skills" needed to succeed in the increasingly competitive international business environment.

Vickers will offer one of its ordinary shares for every two shares of Rolls-Royce. Vickers in fact is taking over Rolls-Royce for technical reasons, though both sides emphasized that the deal was a merger in the true sense. It will be increasing its issued ordinary share capital by two-thirds through the issue of another 29.5 million shares.

Shares in both companies were suspended on the stock market yesterday evening news of the terms. Dealings will be resumed this morning. At 12.05 p.m. Vickers' engineering, office equipment and defence interests are valued at £57m.

Rolls-Royce, whose shares

have risen sharply by about 10p in recent days and which may have influenced the timing of the announcement, was suspended at 6.1p. The cars and diesel engines concern is capitalized at just over £35m. Under the terms of the deal, Rolls-Royce shareholders will end up with 40 per cent of the new company although Vickers is contributing 72 per cent of the assets. Both companies had a sharp fall in profits last year, with Rolls-Royce's profits down 40 per cent and Vickers' down 30 per cent.

Explaining the reasons for the move, Vickers said that the merger "represented a definitive step into a broadly-based engineering business". Since the loss of aircraft and shipbuilding assets which were nationalized three years ago, Vickers has been looking for a "strategic acquisition". It had been prevented from making a move before now because it

had only received £33m compensation from the Government. The group is still awaiting full payment for the loss of these assets. Sir Peter Vickers said yesterday how much he expected to obtain, although outside estimates indicate that the group will get between £80m and £100m. He admitted that negotiations with the Government were now at an advanced stage but refused to be drawn further. The Rolls deal is also not apparently conditional on the level of compensation.

Over the past three years, Vickers has borrowed heavily in advance of compensation which has had an adverse effect on profits and left the balance sheet under pressure. Borrowings are running at almost £100m although this will be relieved now that the deal of the sale of its international business machine division to CIT-Alcatel the French office equipment group has been announced. Vickers said yesterday that it would receive £12.6m cash now and another £12m on completion of the deal.

Mr Jan Fraser, who is chairman of Rolls and will become a deputy chairman of the new group, thought the deal "an imaginative and constructive move for the 1980s".

Financial Editor, page 25

Finance for Industry profits rise to £28.8m

By Roman Eisenstein

Banking Correspondent

Finance for Industry, the long term investment company owned by the clearing banks and the Bank of England, yesterday reported a 13 per cent profit rise to £28.8m for the year to March.

Lord Caldecote, the chairman, revealed that new total investment was up from £243m to £278m and investment by the Industrial and Commercial Finance Corporation, the small companies arm of FFI, was £105m, four times the level of three years ago.

ICFC lends money to about 2,900 companies and has a direct equity stake in 1,100 of them. The average investment last year was £12,000 and the limit for all investments is £5,000.

Lord Caldecote said that the volume of applications for new business from small companies remains encouraging in spite of the recession. But he says in his annual report: "It is difficult to believe that this sector of industry will be immune from the difficulties being re-

FFI then under its ICFC umbrella was created just after the Second World War by the Bank of England and the clearing banks in response to the Macmillan Committee which in the early 1930s had found that not enough money was being made available for the smaller private company.

Lord Caldecote welcomed the ICFC committee of the Wilson Committee's suggestions. However, Mr John Faulds, general manager of FFI says: "The problem is to find enough good propositions and not the other way round. It is a good proposition at the heart of the matter. More incentives for the smaller business suggested by the Wilson Committee might encourage entrepreneurs not covered by the more cautious policy of FFI."

Banks deny merger claim

By Philip Robinson

Hill Samuel the merchant bankers and Lloyds, one of the "big four" clearing banks, yesterday dismissed growing speculation that the two were planning to merge.

Rumours that discussions were being held which could lead to the banks' joining together had been sparked by the persistent rise of Hill Samuel's share price—up again last night to match its year's peak of 120p—and by

the fact that Lloyds is now the only major clearing bank without a merchant banking arm. But last night a spokesman for Hill Samuel said: "There is no merger in the air. We are not talking to Lloyds or any other bank. We prefer to stand on our own feet."

A Lloyds spokesman said: "We would not normally comment on such speculation, but this current rumour is totally untrue."

CBI call to help loss making companies

By Patricia Tisdall

Industrialists want the Finance Bill which is before Parliament to be altered to ease the pressure of high interest rates on loss-making companies or those which for other reasons, cannot take advantage of existing tax allowances.

A new clause proposed by the Confederation of British Industry's economic and finance policy committee would allow banks to reduce the amount of interest they charge on borrowings by less-making companies.

The plan is for tax relief on borrowings to be transferred from the borrowing company to

the bank, provided both sides agree. Interest on borrowings would not be allowable against tax for the paying company, but neither would it be chargeable to the receiving bank.

In return, the bank would be expected to reduce the gross interest rate which it charges its customer.

The CBI's complaint about present tax allowance arrangements is that they penalize companies which cannot offset bank interest payments against their own tax liabilities.

Companies which can take full advantage of the allowances pay only 45 per cent of the gross cost of bank borrowings. However, companies which have

tax allowances greater than their taxable profits or which are making losses have to pay full gross interest rates. The proposal has been submitted to Sir Geoffrey Howe, the Chancellor of the Exchequer, and the CBI is waiting for his comments.

The CBI stresses that although the scheme would bring benefits to companies as soon as it began operating, there would be no loss of revenue to the Exchequer in the present financial year.

Iraq to increase price of crude by \$2

By Nicholas Hirst

Energy Correspondent

Iraq, the second largest oil exporter, has confirmed that it is to increase the price of its crude from July 1 by \$2 for its Basrah, light to \$31.95, in accordance with the compromise agreement at the Algiers meeting of the Organisation of Petroleum Exporting Countries (Opec).

But Iran is likely to help, as prices at the levels it fixed on April 1. Mr Ali Khamenei, the oil minister, said yesterday that it was almost certain that there would be no change. Iran is charging a basic \$23.50 for its light crude plus \$3.50 premium on half the oil sold under contract.

These prices are out of line with those of Iraq and Saudi Arabia. Shell and British Petroleum have refused to take crude at that level. A freeze in price by Iraq suggests that the fragile pricing compromise, which will hold, and makes an agreement on a new unified price structure before the Opec leaders meet in Baghdad in November, more probable.

Kuwait has already announced it is to raise its price by \$2 to \$31.50, and Indonesia, Qatar and Venezuela all indicated in Algiers that they were likely to increase their prices by \$2.

In the first quarter of the year Kuwait provided 12 per cent of United Kingdom imports, and Iraq 11 per cent. Increases of \$2 in their prices will have only a small effect on petrol prices.

Saudi Arabia is not immediately raising its price from the \$28 which was fixed before Algiers. A maximum of \$37 has been set for high quality crudes. Libya is reported to be intending to raise its price by 27 cents to the \$37 mark. A rise by Nigeria would result in an increase in North Sea oil prices. Forties crude is \$36.25 a barrel.

Opec yesterday rejected the implication of the Venice summit that it was responsible for Western inflation by its raising of oil prices. Mr Rene Ortis, the secretary-general, said that the seven-nation summit had

once again made Opec the "scapegoat" for the British Petroleum Annual Statistical Review of the World Oil Industry for 1979, published yesterday. There is evidence that because of rising oil prices consumers are adopting conservation measures and switching to other fuels.

In spite of a severe winter in 1979 and economic growth in the West of an average 3.5 per cent, total world oil consumption increased by little more than 1 per cent.

By yesterday confirmed its find near the Ninian field. A well drilled on block 3-8a had tested oil at four intervals at rates of 7,200, 4,900, 4,700 and

more than 1 per cent. The all-party Public Accounts Committee has criticised the way in which public money is spent on underwater training courses at Fort William in Scotland.

The centre was set up by the Mappow Services Commission in 1975 to provide training for the deep sea divers to bring about the development of the North Sea oil industry. It lost money in each of the three years to March 31, 1979, by then the cumulative deficit was £1.16m and a further £300,000 had been made in losses.

But Stanley Trust, a private bank with experience in industrial and commercial problems, was given a contract to run the centre. Between January 1, 1975, and March 31, 1979, Stanley received £209,000 in fees including £15,000 for services. This amounted to a 7.7 per cent profit on attributable costs of £270,000.

The Mappow Services Commission had told the Public Accounts Committee that it would be difficult to persuade the oil companies to contribute to the centre but pressure to improve diving safety standards in the North Sea was strong.

However, the committee considers that "the slattery with which public money was provided to set up and run the centre was a mistake."

"It seems to us that under the pressure in which the MSC were subjected, they set aside the healthy financial policy that industry should be concerned with providing and financing its own training and in the event virtually the whole cost has fallen on public funds."

Discussions on how government financing can be phased out are taking place between the Department of Energy and oil companies this week. The committee says the contract with Stanley Trust was not the result of formal tendering. It seemed that 70 per cent was an extremely high rate of profit.

ICL steps up campaign for £60m tax computer

By John Huxley

ICL yesterday stepped up its campaign to ensure that it is awarded a contract to supply the Inland Revenue with machines needed for a £150m computerised tax system.

Mr Philip Chappell, chairman of ICL, said that the contract, likely to be worth £60m, was seen as a key order. It would provide the company with experience which could be marketed internationally. As such, success with the Inland Revenue contract could affect future export performance.

Speaking on the BBC radio programme "The World at One", Mr Chappell rejected allegations that ICL could not handle the job. "The Government has yet to decide whether to seek bids from outside Britain for the contract. Under a preferential procurement policy, due to be completed this summer, the Government would award the contract to the lowest bidder."

Competitors of ICL based in the United States have urged the Government to delay calling for tenders until the preferential policy ends, so that they would be permitted to bid. They have tried to persuade the Inland Revenue that ICL is experienced in handling systems of the size and complexity of the tax system.

Mr Chappell dismissed his suggestions. Yesterday he repudiated allegations that American rivals could undercut ICL by as much as £6m, or 10 per cent of the contract value. He said that it was important to complete the job like a team. When maintenance costs and software applications were taken into account, the bids could be truly matched.

Last year ICL's turnover was £624m of which government business represented only a small proportion. However, ICL is the programme planned by the Inland Revenue to replace the PAYE tax system.

Treasury chiefs offer hopes of lower interest rates soon

By Caroline Atkinson

Sir Geoffrey Howe, the Chancellor of the Exchequer, and Mr Nigel Lawson, the Financial Secretary to the Treasury, both gave strong speeches yesterday in defence of government policy for fighting inflation.

They were optimistic about the prospects of a drop in inflation, and both held out the hope of lower interest rates in the near future. However, a cut in interest rates is unlikely before next month at the earliest.

Sir Geoffrey gave a warning in his speech to the Carlton Club that the Government was now seeking to bring public sector pay settlements to the coming pay round. He called on wage bargainers in the private sector to lower their claims and accept real wage cuts to bring inflation down without too great a loss of jobs.

The two Treasury ministers put the blame for the present high rate of inflation firmly on the economic policies of the past.

Mr Lawson said inflation was a disease like drug addiction. The effectiveness of the monetary drug had become less and less, and the British people had voted to face up to the cure and to accept the necessary pain of bringing inflation down.

He emphasized that "the pains we are now experiencing are not fundamentally the consequences of past monetary injection." The Government was determined to curb inflation.

The Chancellor gave a broader view of the causes of inflation. Although the underlying growth in the money supply was the long term cause of inflation, other factors such as the rise in oil prices, the increase in taxes, and the rise in wages had also contributed to inflation in particular years.

Sir Geoffrey was replying to critics of the Government who claimed that far from bringing down inflation, they have pushed it up during their period in office.

He said that decision to raise indirect taxes and nationalized industry prices were necessary

and would have only a "more or less temporary and small effect on all prices."

He listed four short-term causes of inflation which were increasing the price rises. These were the rise in world prices, the rise in the "economic" pricing in the nationalized industries, increases in indirect taxes and the backwash from the last Government's pay policy.

In terms of the underlying cause of inflation, the Government was now reducing the rate of growth in the money supply. In addition it was necessary for all those concerned in fixing pay levels to accept lower wage rates to make the task of reducing inflation "easier, and less painful."

Much of our present inflation was temporary and transitional. Sir Geoffrey said, "I believe we have now reached the peak and the inflation is beginning to fall."

Although Sir Geoffrey did not spell it out, the annual rate of inflation shown by the retail price index is bound to fall in the summer as the effect of last year's increases in value added tax drop out of the figures.

Much will now depend on the level of pay settlements. The Chancellor said that although the short run factors affecting inflation should lead only to a "once and for all" increase in prices, there can be longer run effects if pay bargainers gained compensation for the price increases.

On interest rates Sir Geoffrey commented that the Government was now seeking to bring public sector pay settlements to the coming pay round. He called on wage bargainers in the private sector to lower their claims and accept real wage cuts to bring inflation down without too great a loss of jobs.

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£1m losses on diving centre criticized

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The centre was set up by the Mappow Services Commission in 1975 to provide training for the deep sea divers to bring about the development of the North Sea oil industry. It lost money in each of the three years to March 31, 1979, by then the cumulative deficit was £1.16m and a further £300,000 had been made in losses.

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Qualified welcome for Wilson report

By Our Financial Staff

Employers and trade unionists broadly welcomed the Wilson Committee report. The need for the public sector to play a positive role, applies as much in the financial world as it does elsewhere in industry and the economy, he said.

More than 15 per cent would rise to 17 at 18 per cent if the Wilson report's recommendations for building societies were implemented, according to Mr Leonard Williams, chairman of the Building Societies Association.

Although Mr Williams defended the rapid expansion of building society branches, he admitted that saturation point had been reached. "There is not an original thought in the entire report," Mr Williams concluded. All the recommendations had been debated in the past, and none of them found much support among building society leaders.

The Stock Exchange thought

it had emerged reasonably well from the report. Mr Nicholas Goodison, its chairman, was pleased that the committee had come out "very much in favour" of preserving the general balance between statutory regulation in the securities industry.

He endorsed the committee's view that the machinery of the restrictive practices court was not suitable for considering alternatives to the existing capacity system in the stock market, and also agreed that the Stock Exchange had been reluctant to debate the matter publicly for fear of weakening its case before the court.

However Mr Goodison took issue with the committee's view that financial and other pressure on the jobbing system meant that it was unlikely to survive in its present form. He felt that the committee had been a bit too "sympathetic" on this issue and its conclusions.

On the question of the regulation of the securities mar-

kets Mr Goodison was glad that the committee had pointed out that regulatory wear and tear was not mutually inconsistent.

The Council for the Securities Industry reserved comment. It said the report raised important issues bearing on both the securities industry in general and the CSI in particular. It has set up a committee to study the report and formulate views.

Mr Goodison was pleased that the committee had come out against nationalization of the banks and insurance companies. This view was echoed by the Committee of London Clearing Banks, which noted the report's conclusion "with satisfaction."

The banks also endorsed the view that the main financial constraint on industry had been low profitability rather than shortages in the financial system. But they remain unconvinced about the need for a loan guarantee scheme to help small firms.

PRICE CHANGES

Bank of England	100	100
Bank of Scotland	100	100
Bank of Ireland	100	100
Bank of Wales	100	100
Bank of Cyprus	100	100
Bank of Greece	100	100
Bank of Spain	100	100
Bank of Portugal	100	100
Bank of France	100	100
Bank of Italy	100	100
Bank of Germany	100	100
Bank of Netherlands	100	100
Bank of Belgium	100	100
Bank of Luxembourg	100	100
Bank of Switzerland	100	100
Bank of Austria	100	100
Bank of Czech Republic	100	100
Bank of Slovakia	100	100
Bank of Hungary	100	100
Bank of Poland	100	100
Bank of Yugoslavia	100	100
Bank of Bulgaria	100	100
Bank of Romania	100	100
Bank of USSR	100	100
Bank of China	100	100
Bank of Japan	100	100
Bank of Korea	100	100
Bank of Taiwan	100	100
Bank of Hong Kong	100	100
Bank of Singapore	100	100
Bank of Malaysia	100	100
Bank of Indonesia	100	100
Bank of Philippines	100	100
Bank of Thailand	100	100
Bank of Vietnam	100	100
Bank of Laos	100	100
Bank of Cambodia	100	100
Bank of Myanmar	100	100
Bank of Brunei	100	100
Bank of Timor	100	100
Bank of East Timor	100	100
Bank of West Timor	100	100
Bank of East Timor	100	100
Bank of West Timor	100	100

British producers want trade barriers to keep out foreign tipples

That's enough brandy, Scotch drinkers say

By Our Financial Staff

After British lamb and French apples, it is now the turn of the Scotch whisky industry to demand trade barriers to keep out foreign tipples.

Colin H. F. D. Bewsher, the director-general of the Scotch Whisky Association, conceded at the House of Commons yesterday that most Scotch distillers would feel happy to see the Government slap a punitive tax on French brandy imported into Britain.

Before brandy drinkers reach for the decanter in horror, it should be explained that Col Bewsher's remarks were not simply aimed at the French. Drinkers of Danish liquor and those who are fond of a Japanese sake may also quake for the target of Col Bewsher's restrained anger was those countries which put up various barriers against Scotch

free trade. It is now the turn of the Scotch whisky industry to demand trade barriers to keep out foreign tipples.

Col Bewsher said that the Scotch Whisky Association, concerned at the House of Commons yesterday that most Scotch distillers would feel happy to see the Government slap a punitive tax on French brandy imported into Britain.

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aggressive and purposeful attitude. We must inevitably conclude that in many cases repeated representations do not succeed. If the Government is to protect our interests or to secure the dropping of a barrier elsewhere then I think many people in the industry would welcome it.

Col Bewsher emphasised that such retaliatory action ought to be taken in only the most appropriate cases. One of the examples of discriminatory action he cited to the committee concerned Italy which was once the third largest market for Scotch whisky.

In 1974 it introduced a discriminatory VAT structure which led to a 36 per cent drop in volume sales the following year. Between 1974 and 1979, volume increased in Italy by

11 per cent in comparison with 15 per cent in the rest of the world.

In case anyone thought Scotch was small beer, Col Bewsher told the committee that it was one of Britain's top five exports. Whisky worth £707.4m was exported last year.

The subject obviously struck a chord of



£1,000m gap in New York City budget

New York City is facing its biggest budget gap since its 1975 brush with bankruptcy: a deficit of more than \$1,000m (£425.5m) which it must close by 1982 when it is legally required to present a balanced budget.

Mr Sidney Schwartz, the special deputy state comptroller, said the projected gap could widen if the city's police, firemen and other workers received a higher wage settlement than the two-year 16 per cent wage package tentatively agreed by most city employees last week.

Mr Schwartz said the city could also face a \$300m gap in its new budget for 1981 unless it could find extra funds to meet the cost of recent wage settlements.

Thai loan approved

The Thai cabinet has approved a Finance Ministry recommendation to obtain a \$310m, eight-year syndicated loan for development projects.

Euromarket issue

A European Investment Bank (EIB) Euromarket issue, in July, probably will amount to between DM250m and DM300m, EIB sources said.

Lending rate drops

The Bank of Japan will reduce the rate of increase in commercial bank lendings by 3.3 per cent to Yen 741,000m (£1,430m) in the July-September quarter, continuing a clampdown to cope with rising wholesale prices.

Brazil devalues

The Brazilian central bank has announced a 1.3 per cent devaluation of the cruzeiro. It is the ninth devaluation since the start of the year, a total devaluation of 23.226 per cent since January.

Textile talks

Three days of textile trade talks between Finland and Hongkong have begun in Hongkong. It is understood the discussions concern the renewal of a bilateral agreement on clothing exports from Hongkong to Finland which expires on July 31.

Ambitious investment plans cut back despite £80m government grants

Foundries try to weather recession

One of the more successful of the aid schemes launched in the mid-1970s by the Labour Government to regenerate industry appeared to be that covering the nation's ferrous foundries, a sector badly in need of modernization.

Applications poured in to the Department of Industry for a slice of the £80m grants on offer. By the spring of 1978 a total of 368 firm offers of assistance had been made and it seemed that all but about £1m of the state cash would be absorbed by the foundrymen.

Today, almost five years after the scheme was launched, the picture is less reassuring. A total of 360 offers have been made involving assistance of £66.6m towards projects costs of £206.6m, but feeling in the industry is that only £50m of the original £80m will be taken up. This was the same sum requested by the ferrous castings industry to help it to cope with modernization and with changes in anti-pollution legislation.

In 1973, no one could foresee that by 1980 Britain's engineering industry would be crippled by recession. The foundry sector in particular has been forced to back its ambitious investment plans, retrench and await better times.

Foundry closures have become commonplace, imports of cheaper castings—mostly from other European sources—have been rising steadily, while the domestic motor industry, the foundries' main customer, is in the doldrums.

Mr Derek Farrant, director of the Council of Ironfoundry Associations (CIFA) said: "We started this year on a relatively optimistic note and things did not look terribly bad. But in the last few weeks there has been a noticeable downturn in orders received."

In 1972, iron castings production in the United Kingdom totalled just over 3 million tonnes against 3.2 million tonnes the previous year. The 1979 output figure was 2.68 million tonnes, a drop of more than 16 per cent since 1974, and this year's production will be worse.

First quarter figures for the ferrous foundries show they produced 528,000 tonnes of castings, 28 per cent down on a year earlier. Much of this can be blamed on the steel strike, which hit output of ingot moulds and pressure pipes, but poor economic conditions also took their toll.

With demand from customer industries continuing to fall, the outlook for the foundries remains bleak for the rest of the year. According to Mr Farrant, plenty of foundries have completed or are completing projects, tempted by the carrot of the aid scheme, "and the only thing they are lacking now is a full order book."

"Many of them are scouring the world for business and they are constantly coming up against the effects of high inflation at home and the strong pound. To get orders in these conditions would mean you have to work wonders."

Clearly the iron foundry industry, a key sub sector of engineering, is in danger of becoming a shadow of its former self. In 1958, Britain had 965 foundries; today there are 631. Since the end of 1971, employment has fallen by more than 25 per cent to under 13,000 and closures and job losses, the CFA says, seem certain to continue this year.

Apart from the big in-house foundries operated by the car companies and Birmid Quasit, the industry's biggest private company, ferrous foundries are small craft businesses which are vulnerable to the often vicious cries of their customers' demands.

These foundries, the ones which the aid scheme was designed primarily to support, are now closing with such speed that the National Economic Development Office working party for the industry has called for special action. It wants the Inland Revenue to introduce a capital loss scheme and concessions on tax rebates and specific measures to be taken by the Departments of Industry, Trade and Environment.

The working party's latest report said that small craft foundries were of crucial strategic importance to the economy, providing a product on which the whole of engineering depended. Although an overall decline in demand for engineering castings was expected, and fewer foundries would be needed, the present rate of closure was too high.

Edward Townsend

Still problems for oil from coal

By John Huxley

Unsolvable problems of technology and production remain to be solved if oil is to be produced from coal. Mr Jack Owen, deputy director of the coal research establishment of the National Coal Board, said yesterday. The breathing space offered by North Sea discoveries had to be used wisely, he added.

"In this country we are faced with great difficulties in increasing output from our mines," Mr Owen said in a paper given to a conference on the chemicals and process plant industries in Birmingham.

"Many of the mines are old—over 75 per cent are more

than 60 years old—and maintaining and replacing the capital city from old and exhausted mines is a formidable task. Increasing beyond our existing capacity is doubly difficult, but the coal is there and we must increase output."

Mr Owen's remarks come only days after the Venice summit stressed the importance of doubling world coal output over the next decade. United Kingdom output should rise from 120 million tonnes to 170 million tonnes by the end of the century.

By 1983, it is intended that two North Wales pilot plants will be producing oil from coal. Recently, the coal board announced that it would seek tenders for a £55m plant at Point of Ayr. The Government, with the NCB and British Petroleum, is considering what level of support can be given.

Mr Owen said that there were difficulties involved in developing the necessary advanced technology on the scale required within the time available, which he put at about 15 years.

"The problems here are formidable, though no more so than in the nuclear power industry. There are technical difficulties in making and operating high pressure plants. There are also questions of acquiring the large capital sums required and using them to best effect."

Lethargy 'affecting Japanese as well'

From Kenneth Owen

Japan is beginning to suffer from the so-called advanced nation disease, a loss of vitality and drive to get things done, according to Mr Shoji Akazawa, executive vice-president of Fujitsu, the Japanese electronics company.

Mr Akazawa said that this illness had reached epidemic levels in some countries; in Japan, people seemed to lack "business zeal," a strong sense of duty and loyalty. He said this malady was affecting Japan just as it was affecting other countries.

He said that because of this, and Japan's shortage of resources the 1980s would be a decade of "uncertainty, instability and complexity" for Japan.

"Our primary goal must be to make Japan into a technology-based society far more so than it is today." Development of high-technology industries would enable Japan to take advantage of the intelligence, discipline and tenacity of its people, help the country to escape from the import-export vice in which it now found itself, and reduce about costs.

"Our expectation is that Japanese industry will be neither about-intensive nor capital-intensive but brain-intensive." Mr Akazawa told the World Computing Services Industry Congress.

He said that Japan would have to increase its spending on research and development, including government spending. "Our country is the United States are constantly pointing to Japanese subsidies to the electronics industry, including computers, as unfair. Yes, our industry is subsidized—and so is yours."

Certainly it is true that Japan has higher share of the United States market for one product, the 16K random-access memory. But that is largely because the American semiconductor industry failed to anticipate the demand for this product and therefore was unable to meet demand when it came.

LETTERS TO THE EDITOR

Performance of state concerns

From J. B. Holgate

Sir, Modernization of a cottage as my retirement home has given me a rare opportunity to observe the performance of the nationalized industries in bulk.

The first to come were the gas board team. They came without warning and were lucky to find someone in the cottage being untenable until work is completed. In this conservation area we are not allowed to alter the outside appearance, but the gas board are, and they did. They dug up the cobbles on the pavement and replaced them with tarmac. They laid their pipe and left. That afternoon another set of gas men came to fit the meter. Again they came without warning. They fitted their meter with two short lengths of pipe, and left it in collision with the front door. It still is, I wonder which will prove to be the stronger over time.

The next to come, again without warning, were the electri-

cian board team. They dug up more of the cobbles and also lifted two paving stones exposing the mud. The mud is still exposed. They laid their new cable and cut off the old one, leaving us without current for light and power tools. The next day their man came, again without warning, to connect his meter to our new mains. He observed that he could not connect as we had not provided "tails". I told him that we would have had tails ready if we had known he was coming. It was another week before we could engineer the presence of their man and our electrician to do the job. They then had the temerity to make a re-test fee of £5. One consolation is that that was a lot less than the £40 per day I would have had to pay for the electrician to stand by doing nothing.

We have left the replacing of the cobbles until the water authority have had their dig-

but they have not come. They have asked £250 a connection over a distance of 25 feet. There are no consumers on route back via local main. The water price came off a neighbour's main, thanks to his good will.

The telephone man called. He cannot offer until 1981.

To summarize my ences, the gas and electricity boards are too arrogant when they are coming a when they say. The authority too expensive protected. The Post Office phone service is too inflexible and too complacent as they have after all made profits over recent years. They could have got a demand had they the wonders for whom the lized industries are two J. B. HOLGATE, Marlow.

Benefits to business of London Traveller ticket

From the Deputy Chairman of London Transport

Sir, For the benefit of L. J. Wammore (Letters, June 17) and other readers, I should like to clarify a few points on the new London Traveller ticket.

1. The London Traveller is primarily meant to benefit firms with 30 or more staff because this enables a simple pricing formula to be adopted and saved to be applied to all.

2. We cannot unfortunately guarantee to make available the London Traveller for the self-employed or for firms with only a few employees due to the administrative costs of issuing such tickets. Companies which would mean that the savings we could offer would be negligible. Thus, although these groups are not specifically excluded from the scheme, they would probably find it cheaper to buy other period tickets currently available.

3. The scheme is not based on small firms subsidizing the larger firms. The significant cost reductions available are largely due to the savings and roundabout of long and short work journey patterns together with the fact that not all employees will use LT for travel to work whether they have a London Traveller or not. The cross-subsidies therefore, take place within each firm and not between firms.

4. The purpose of the scheme is not to make reaction to fares increases but:

a. to recognize the involvement of the employer in employees' travel-to-work costs; and to allow the employer to pass on a significant benefit and replace many more discriminatory business "perks" now in use with one single simple ticket to administer benefit.

c. to provide employees with cheaper and more convenient travel to work plus the significant benefit of being able to use the LT system free at all times;

d. to encourage off-peak travel and to convert more travellers to public transport thus reducing road congestion and conserving energy.

Yours faithfully,

I. STANBURY, London Transport, Deputy Chairman, 55 Broadway, London, SW1H 0BD.

Forty years on...

From Mr R. H. Ransford

Sir, Mr W. W. Dent (Letters, June 19) asks if any products in common use cost less than six times their prewar price.

In the late 1930s a two-valve battery radio cost 55s and an 8in black-and-white TV set about £80. Their present-day counterparts can be bought for much the same price.

A 4 cu ft refrigerator cost about £40, which is not far out of line with today's prices, and the cheapest portable typewriter was nine guineas, as compared with somewhere round £20 today.

If our haircuts now cost 52 times their former price—which incidentally means an increase of 5,100 per cent, not 5,200—the reason is that barbering is labour intensive and the increase is roughly in step with wages. To take just one example: how many school leavers are now willing to start at fifty times the prewar office boy's pay of say ten shillings a week?

Yours faithfully,

R. H. RANSFORD, 11 Grovewood Close, Chorleywood, Herts, June 19.

Air fares

From Mr Leo Kennedy

Sir, Just what is happening to air fares?

Today, via my travel agent, I purchase turn economy ticket Toronto/Montreal/London, business trip starting 6, returning five day cost \$392.

Every travelling man should be encouraged to refuse to pay these exorbitant fares, and rewarded if he can be made. How can it be achieved?

The traveller is issued full price ticket to see a booking. This card funded if unused. Any made to his company by standby or alternative travel to the point of departure (Mr Freddie Laker) could reward the traveller say, 50 per cent of any as a bonus.

I made several round trips Canada and the United States (last year) and entry now to Canada is once I fail to see standby seat each way, full fare economy return to Searle now is £392, standby fare is £149, entry to the company's bonus to the traveller per cent is £148.50.

LEO KENNEDY, Kensington.

'Dutch auction'

From Philip H. Stunt

Sir, I was interested to read in the answer to second question in "R. Forum" (May 24), a reference to a "Dutch auction" in which this phrase simply means a kind of artificial auction by a seller with prospective buyers bidding against each other.

In fact I have always understood that a Dutch auction where the price, instead of rising, falls. At the point where there is only one bidder the price is lowered by auctioneer until the point where the first potential bidder loses his nerve makes a bid whereupon he wins the sale.

This is a method which I often see in fishmarkets where the quayside in various parts of the world, for example, the restaurant hotel managers go, where fishing fleets return to put the fish you may eat that day.

Perhaps, however, I am and there is perhaps yet other term which applies (incidentally, much more so) to kind of auction.

PHILIP H. STUNT, Chelmsford.

Conclusions of the Wilson committee report

We drew attention at the beginning of this report to the breadth of our terms of reference. Even though we have been selective in interpreting them we have still ranged over a wide field. To sum up in detail would not be very helpful. On the other hand, the conventional procedure of ending reports of this kind with a simple list of conclusions and recommendations would make it hard to discriminate between matters of major and minor importance, and particular remarks might be taken out of context. We have, therefore, thought it best to end with a brief statement of what we ourselves regard as the most important points.

We have drawn attention to the growing importance of the financial institutions, especially the pension funds and insurance companies, in the capital market. This is not a new phenomenon. A gradual increase in the institutionalization of savings has been taking place for many years. But it is only recently, and in particular during the time of this committee, that it has reached the point where it has become an issue of general concern.

As we have tried to show, the implications for the rest of the financial system are far-reaching, and in certain respects many of those concerned appear not to have come fully to terms with them. The continued viability of the present dealing system of the Stock Exchange has, for example, been called into question; the institutions themselves are not yet always sufficiently active in exercising their responsibilities as major shareholders; and the present system of marketing government securities is not well adapted to the dominance of the institutions as purchasers in the context of considerable economic uncertainty, a high PSBR and a commitment to publisher monetary targets. Finally there is no comprehensive framework for securing the accountability of pension funds.

We have examined the contention that real investment in the United Kingdom has been unnecessarily constrained by shortages in the supply of external finance. Given the highly developed state of the British financial system, and the relative freedom accorded to the institutions operating within it, we were not surprised to find that this was not generally the case. We have pointed out, however, that the market's ability to clear at the prevailing price does not necessarily mean that either the price or the demand for funds are at desirable levels in a macro-economic sense.

In general it is the price of finance in relation to expected profitability which is the major financial constraint on real investment at present. The perceived real cost of capital is now almost certainly higher than the average real profit-

ability of industrial and commercial companies. We have attempted to describe two different theoretical explanations of this and of the roles played by the public sector financial deficit, the public sector borrowing requirement and the money supply.

Hardly surprisingly perhaps, we differ among ourselves as to which account we find the more convincing. But there is a substantial area of common ground about some of the factors involved which we have tried to bring out. We have expressed our different views about what can or should be done through the financial system to try to bring about a greater level of worthwhile productive investment in the future.

Throughout this report we have had to refer to the pervasive effects on the financial system and on real investment of high and fluctuating rates of inflation. One important manifestation of this, and a major qualification to our general conclusion about the availability of finance, is the drying up of new issues of long term industrial bonds.

We have suggested that this is one of the more fundamental defects in the financial system today. To help ameliorate the immediate effects we have recommended the establishment of a medium-term rediscount facility. In the longer term we have suggested experimentation with the use of index-linked industrial bonds, and that the fiscal and other obstacles which at present inhibit this should be removed. In the same chapter we have discussed the arguments for and against index-linked issues in other financial areas, in particular government securities and the housing market.

We have suggested that a second main area of difficulty is the provision of finance to small firms. In our interim report we made a number of recommendations about how the problems in this area might be eased.

In particular we recommended the establishment of a loan guarantee scheme on an experimental basis, the creation of an English Development Agency to supplement the existing Scottish and Welsh Development Agencies and the encouragement of a new form of investment trust, small firm investment companies, purchase of whose shares by individuals should attract tax relief. We have confirmed these recommendations in this report, and we have made a number of further recommendations about the structure of the market in unlisted securities and its supervision which should also be of particular help to smaller companies.

We have drawn attention to the way in which the operation of the financial institutions and competition between them is influenced by biases in the financial system and by the controls imposed for prudential or monetary reasons. One of the explanations of the growth

in pension and life assurance funds, for example, has been the nature of the tax reliefs given to savings in these forms. The building societies have benefited not only from the favourable tax treatment accorded to them directly, but through the reliefs given for investment in owner-occupation, but also by their exclusion from the scope of monetary control.

Complete neutrality of treatment for different types of financial institutions is not necessarily either desirable or practical given their different circumstances and the different social and economic objectives to which they contribute. But unintended and unnecessary divergences from neutrality should obviously be avoided because of their effects on competition, and because they distort the allocation of savings between competing investment uses.

We have examined the arrangements for the taxation of different forms. The building societies have benefited not only from the favourable tax treatment accorded to them directly, but through the reliefs given for investment in owner-occupation, but also by their exclusion from the scope of monetary control. We have concluded that for the time being they should continue to be excluded, but that should they extend their operations any further into areas in which they are competing with the banking sector this will need to be reconsidered.

The growth of the building societies has been faster than that of either pension funds or life assurance companies. The largest of them now have very substantial assets at their disposal. Competition between them is severely constrained by the recommended rate system. We have suggested that this has had a number of undesirable effects and recommended that the system should be dismantled. In making this recommendation we realize that the effects could include both a once-and-for-all rise in mortgage rates and an increase in the flow of resources into housing (mortgages at present being rationed). Investment in housing in the United Kingdom in recent years has not, however, been excessive by international standards and some stimulus to it might be welcome in the current economic situation. An increase in competition between building societies would also increase the prudential risks they face, and hence the importance of ensuring that they are adequately supervised. We have made recommendations about this.

We have discussed the relative strengths and weaknesses of different methods of statutory and non-statutory forms of regulation, and have suggested that the contrast between them is not nearly as sharp as is often made out. We have examined the regulation of the United Kingdom's financial markets, and non-statutory methods at present

predominate. We believe that the existing arrangements have greater advantages than some critics have been prepared to concede and we have not recommended in favour of greater statutory control either in the form of a British equivalent to the United States Securities and Exchange Commission or through giving greater statutory powers to the Takeover Panel.

The present system is, nevertheless, in our view not wholly satisfactory, particularly because of the extent to which non-statutory regulation takes the form of self-regulation. We have therefore recommended first, the appointment of outside members to the governing body of the Stock Exchange and, secondly, the strengthening of the Council for the Securities Industry by the appointment of more outside representatives, by an increase in the number and status of its staff and by making its authority over the Stock Exchange more explicit.

We believe that there is a need for an open and publicly accountable body with responsibility for reviewing the overall arrangements for the regulation of the financial system and for making recommendations about ways in which they might be altered as circumstances change. We have therefore recommended that an existing interdepartmental Joint Review Body, which has oversight of the securities markets, should be replaced by a wider-ranging body composed of outside members as well as civil servants and reporting to Parliament.

We have noted a broadening of the role of the Bank of England in recent years. This development has increased the importance of ensuring the Bank's accountability and we have therefore welcomed the fact that for the first time the whole range of its activities is now directly subject to parliamentary scrutiny through the new Select Committee on the Treasury and Civil Service Department. We have recommended in addition that the non-executive directors of the Bank should be drawn from a wider range of backgrounds than at present.

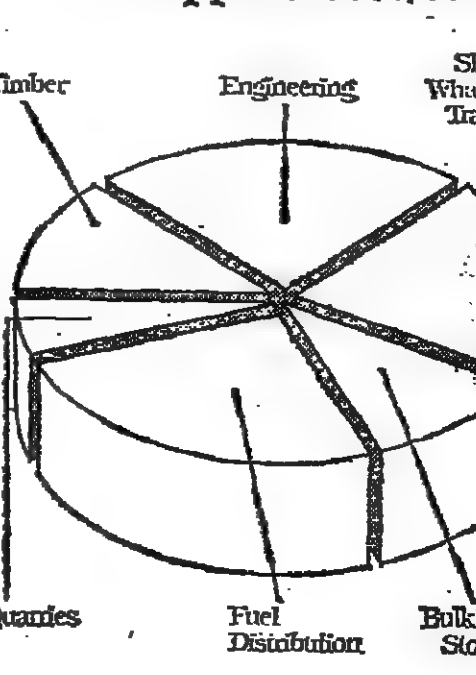
Finally we have examined the case for an extension of public ownership in the financial sector. As we have indicated in other parts of the report we believe that public sector involvement in the financial system is important in a number of respects. Had we been designing a completely new system some of us would have believed that there was a role for publicly-owned insurance companies and a greater role for publicly-owned banks. But we have recommended against any extension of the public sector in these areas by the nationalization of existing institutions.

The report of the committee is available from Her Majesty's Stationery Office, Command 7937, price £10.50 net.

Powell Duffryn

"The first benefits of recent capital investment and the endeavours of everyone throughout the Group have resulted in a 30% increase in our pre-tax profits to £15.9 million"

Principal contributors to Group profits 1979/80



Group results for the year ended 31 March 1980

	1980	1979
Turnover	440,951	396,217
Trading profit	19,732	13,715
Profit before taxation	15,884	12,115
Net assets employed	131,335	114,015
Earnings per share	39.9p	29.8p
Dividends per share	13.25p	11.1p

"I am confident that we shall continue to derive benefit from recent capital expenditure within the areas in which our management expertise predominates."

C.S. Aston, Chairman

The report and accounts will be published on 10 July. Copies may be obtained from the Secretary, Powell Duffryn Limited, 5 Stanhope Gate, London W1Y 6LA.

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BY THE FINANCIAL EDITOR

Wilson poses the right questions

Value of the Wilson Committee as less in its final recommendations, far from earth-shattering, than in the committee's existence and over the past three years has given us a movement towards change in financial world.

aid, the report is wide-ranging and east attempted to pose the right questions, even if it is short on decisive answers. It is probably best examined on two levels, for what it has to say in a sense about the flow of savings into this country and, secondly, for what it says about the efficiency of the financial system and mechanisms through which flows pass.

as the macro issue is concerned, it takes as its starting point the fact that the savings/investment function is relatively less important in this country than it has been in the past. It does not come to any firm conclusion, but it does draw on a number of possible reasons for low investment in the United Kingdom and reiterates that the country is probably greater than it appears.

as its central observation, however, that during recent years the "productive capital in the United Kingdom has fallen below the cost of investment." It does not come to any firm conclusion, but it does draw on a number of possible reasons for low investment in the United Kingdom and reiterates that the country is probably greater than it appears.

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written tender system for long-dated government debt issues.

A tender system would, of course, be part and parcel of systems proposed by some monetarist (though certainly not all) monetarists, but an underwritten system may well have undertones of official arm-twisting to many institutional investors.

On the Stock Exchange, the report does little to offend, but it is disappointingly indecisive and unimaginative. On the one hand, it goes to some length to defend the present single capacity system which differentiates sharply between the role of the broker and jobber. Yet it warns that as the Stock Exchange edges closer to the Restrictive Practices Court change seems inevitable. Moreover, its own suggestions for tendering bids is hardly likely to reinforce the present arrangements.

The report's most incisive recommendations are for the abolition of the composite tax rate system and the present building society interest rate cartel. Quite simply, the committee favours competition: both to ensure that competing on rather more equal terms, the movement as a whole is an efficient intermediary, and to allow greater scope for clearing the market.

The report does not predict whether this would lead simply to a redistribution of funds among societies or to a greater proportion of national resources going into housing. In this context, it points out that the proportion of resources going into housing is not especially high in the United Kingdom by international standards.

All this is, of course, bound to start off scare-mongering about 17 or 18 per cent mortgage rates. But while there is an obvious case for "no change" just at the moment, that should not be an excuse for abandoning the argument that higher relative interest rates in housing finance could be desirable over the longer-term.

On one of the major issues that set the present investigation in train, the role of the pension funds, the report has nothing especially radical to say. True, there is a minority recommendation that a proportion of funds should be officially directed into an industrial investment fund.

But that is about as far as it goes. The report sets out the pros and cons of pay as you go and funded schemes but does not suggest an overnight switch from one to the other.

What it does do, of course, is to emphasise the development of the pension funds over the past 30 years in the context of the changing pattern of sectoral saving. Inevitably, it is impressed by the power of the funds. Inevitably, it believes that they should be more fully accountable.

The funds have come a long way during the existence of the Wilson Committee to tackle this issue. They may, however, find it difficult to resist the recommendation for a statutory code of conduct.

Rolls-Royce Motors Vickers' way out

It is easier to divine some industrial logic behind Vickers' decision to merge with Rolls-Royce Motors than it is to see why Rolls should want to jump into bed with Vickers. Shorn of its shipbuilding and aircraft interests, the VEC was a new profit centre. With the group apparently close to getting its final tranche of compensation from the Government, it has started to hint at a strategic acquisition.

Yet both sides were hard pushed yesterday to put any flesh on the reasons behind the merger, preferring to talk in nebulous terms about "exciting opportunities" in the 1980s which would be denied companies not large enough to exploit the international field.

Rolls-Royce, it is true, has become increasingly cash hungry in recent years and the loss of the Iranian diesel contract coupled with the engineering strike halved profits last year to £7m. But the businesses are hardly complementary.

The timing also looks odd, given that Rolls shareholders are being asked to take on trust the compensation payment from the Government, which outside estimates put as high as £100m, which would of course take the pressure off Vickers' balance sheet. But the deal is not conditional on this. As it is, the terms of the merger—one Vickers for two Rolls shares—look as though Vickers are getting Rolls cheaply, although Vickers insisted yesterday that there will be no earnings dilution and are sweetening the deal with an increase in the dividend.

What can be said now is that the "commitment in being" was an important catalytic factor in the changes that have taken place. It is a good thing if a committee such as Wilson can reach unanimous conclusions. The dangers of a committee splintering into warring factions was firmly before the Wilson committee, as it began to work. For it had before it the immediate example of the Bullock commission on industrial democracy.

We all know that splits make a good story, but in the context of a committee such as Wilson, the conventional pressure for unanimity on all things seemed from the start to be inappropriate. For a start, the committee, which with 18 members was certainly too large for intimate debate, was deliberately constituted to achieve a balance right across the spectrum of those who might be interested in the subject matter.

To an unusual extent members of the committee felt that they were representing "national interests"—clearing banks, merchant banks, insurance companies, trade unions, small business. In addition, individuals were invited to join the committee who were known in advance to have diametrically opposed views on issues of economic policy, such as the effect of monetary targets and the public sector borrowing requirement on the financial system.

What reasonable men and women disagree on the causes fell into two categories. The first is disagreement about the result of misunderstanding, or lack of information. These can be resolved by debate.

The second is disagreements which result from genuine differences of opinion. A diverse committee is faced on issues in this second category with the choice of either setting the question aside in the interests of conventional unanimity, or setting out the arguments from all sides as objectively as possible in order that third parties can make up their own minds on the merits of the argument.

The second course seemed to be more open and interesting and it was a procedure that the committee adopted at a number of points, notably over monetary policy and over the question of the RUC's proposed new lending facility or institution.

Of all the changes that have taken place below the surface during the time that the Wilson committee was sitting, two perhaps deserve more emphasis. The first is that, whereas the proximate political reason for setting up the committee in the first place was to handle pressure within the Labour Party for the nationalisation of banks and insurance companies, as a result of Wilson that now seems to be a dead issue.

Certainly the fact that the two union general elections who would have been most closely involved, Mr. Clegg and Mr. Leif Mills, were on the committee and supported the recommendation against such nationalisation must be significant.

Secondly, as a direct consequence of the Wilson exercise, City institutions have come much more directly out from behind the skirts of the Bank of England in order to explain, promote and defend themselves in public.

Symbolically, for example, the clearing banks put in their evidence to Wilson without clearing it with the Bank of England in advance. Before Wilson such independence would have been unlikely. When they were asked into the Bank to talk about their evidence, it was told that they were not taken to task, for example, for picking a public debate with the building societies over their fiscal advantages, but merely told to stop complaining, or that the Bank might feel forced to publicise the details of the banks' lending that had led to the invention of the corset in the first place.

In general, however, the various institutions in the City have learned during the Wilson years to speak up in public for themselves. That in itself must be a positive development for them.

like inflation, and not real things like jobs and production.

If this claim is then reduced to the view that strict control of the money supply works on inflation by depressing the economy, it changes its nature, and its implication for policy quite drastically.

It is not particularly monetarist to believe that a policy which reduces demand, pushes up unemployment and cuts output eventually leads to lower inflation through forcing a drop in the level of pay settlements and curbing industry's ability to pass on price rises. In fact, it is not monetarist at all since it implies a trade-off between the level of inflation and unemployment.

Monetarism claims that there is no trade-off except in the very short term, because the level of unemployment will be determined by the level of real wages and the rate of inflation by the increase in the money supply.

It is not too big a step from the view that wages can cause inflation, and lower wage rises can cure inflation, to the decision that government should aim to influence wages more directly. If the link between money policy and inflation is dependent in the end on wage bargainers settling voluntarily in accordance with monetary targets, it is a very different link from that described in monetarist theory.

Caroline Atkinson

First step away from the straight and narrow?

A favourite sport in Britain over the past year has been to watch and wait for the first signs of a U-turn in government policy. Each new statement or hint of a policy change is minutely examined for indication that ministers are turning away from strict monetarist doctrines. Senior officials at the Treasury have gone so far as to complain that their work is hampered and the policy made less flexible than it might be because of the U-turn obsession.

But, strangely enough, there are strong signs that a step away from the straight and narrow has already been taken. Moreover, it has so far slipped by with almost no comment.

Watchers of the British economy will not be surprised that the shift has come over pay. Time and again rapid wage inflation has tripped up government economic policies. In the end, they usually resort to some kind of incomes policy.

However, I am not talking about rumours that the Government is softening over incomes policy or may be willing to contemplate a wage freeze. That is still a long way off, if it is coming at all.

What has already occurred is that, over the past few weeks, references to pay settlements have crept into ministerial speeches. This may seem quite unexceptional. After all, people have been told for years that they must resist high wage rises lest the resulting inflation will eat up much of the benefit.

It is a common sense idea that the level of wages paid will have an effect on the cost and then the price of the goods which the wage earners make.

But it is a key tenet of monetarism that wages cannot cause inflation. The supply of money determines the rate of inflation, and the rate of inflation will come down faster.

The Chancellor yesterday followed her. On the one hand, he said in his speech to Conservative supporters, "there is a direct trade off between pay and jobs". But on the other, he said, unless pay rises are kept below the rate of inflation in the coming round, "inflation will come down more slowly".

Nigel Lawson, the Financial Secretary to the Treasury, is one of the ministers most likely to stick to their monetarist guns. Indeed, it is said that the Labour government have all the Chancellor's speeches for references to the effect of high pay settlements.

He is dovetailing if they suggest that the result is higher inflation and higher unemployment, and not inflation.

However, as the Government has become more worried about pay and it has become clear that during this pay round wage settlements have accelerated, ministers have begun to urge wage bargainers to lower their

claims and settlements in order to help bring down inflation. The Chancellor, for example, said a couple of months ago, "If you negotiate moderate pay settlements, the rate of inflation will come down faster".

The Prime Minister tried to have the best of both worlds on Tuesday when she commented: "If claims are kept more in relation to increased output there will be less unemployment and inflation will fall more quickly".

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claims and settlements in order to help bring down inflation. The Chancellor, for example, said a couple of months ago, "If you negotiate moderate pay settlements, the rate of inflation will come down faster".

The Prime Minister tried to have the best of both worlds on Tuesday when she commented: "If claims are kept more in relation to increased output there will be less unemployment and inflation will fall more quickly".

The Chancellor yesterday followed her. On the one hand, he said in his speech to Conservative supporters, "there is a direct trade off between pay and jobs". But on the other, he said, unless pay rises are kept below the rate of inflation in the coming round, "inflation will come down more slowly".

Nigel Lawson, the Financial Secretary to the Treasury, is one of the ministers most likely to stick to their monetarist guns. Indeed, it is said that the Labour government have all the Chancellor's speeches for references to the effect of high pay settlements.

Economic notebook

Government's new determination to hold down public sector wages, are further evidence of the shift in thinking on pay.

If the money supply determines inflation, and market forces determine real wages then exhortation from ministers is irrelevant both to the fixing of money wages and to the rate of inflation.

It is right that the Government should now come round to the view that what it pays its own employees matters. For one thing, it has a big impact on the cost of public service and thus the level of public spending.

But the argument that the public sector should be used as an example to every one else of how they should restrict wage rises is akin to the thinking behind the first steps on the road to incomes policy.

Ministers might argue that their attempts to talk down money/wage rises and to talk people into accepting real wage cuts in the next pay round are just a part of a policy which rests on a secure monetarist foundation. But this will not do.

Their view of the interaction of wages, money supply, and inflation is of crucial importance. The key monetarist claim is that the pain of higher unemployment and lost output in reducing inflation is on the one hand inevitable and on the other short-lived and temporary.

Controlling money will pre-eminently, and in the end solely, influence nominal things

like inflation, and not real things like jobs and production.

If this claim is then reduced to the view that strict control of the money supply works on inflation by depressing the economy, it changes its nature, and its implication for policy quite drastically.

It is not particularly monetarist to believe that a policy which reduces demand, pushes up unemployment and cuts output eventually leads to lower inflation through forcing a drop in the level of pay settlements and curbing industry's ability to pass on price rises. In fact, it is not monetarist at all since it implies a trade-off between the level of inflation and unemployment.

Monetarism claims that there is no trade-off except in the very short term, because the level of unemployment will be determined by the level of real wages and the rate of inflation by the increase in the money supply.

It is not too big a step from the view that wages can cause inflation, and lower wage rises can cure inflation, to the decision that government should aim to influence wages more directly. If the link between money policy and inflation is dependent in the end on wage bargainers settling voluntarily in accordance with monetary targets, it is a very different link from that described in monetarist theory.

Caroline Atkinson

How the City took a long hard look at itself



The first meeting of the Wilson Committee in January, 1977: since then the financial world has gone through a period of unusually rapid change.

publish their "evidence". After a momentary hesitation on the part of the financial community about whether or not to cold shoulder what looked like a politically inspired gimmick of a committee, the quality of the evidence and argument presented to Wilson were of an extraordinarily high average quality. The fact that, unlike previous committees and commissions, all this was instantly in the public domain has fuelled highly intelligent and constructive debate about the important issues even before the final Wilson report was published.

Indeed the evidence to Wilson from the financial institutions was of a far higher quality than the evidence from Whitehall, which at times bordered on the insultingly inadequate. The Bank of England's contributions improved over time, after a slow start, but the trade union evidence to some extent proof of the inadequacy of the resources available to them for research, in view of the prominent and influential social and political position that they enjoy.

By contrast, the evidence presented, for example, by the clearing banks will provide students of these things with what is in effect a classic text book on the way they function. That in itself would be a useful by-product of Wilson. But the constructive influence, I suspect, went rather further.

For by forcing themselves to stand back from the inevitably dominating pressures of day-to-day business and clear their minds on absolutely basic questions, institutions like the banks, the Stock Exchange and the building societies have all, they say, derived positive benefits for themselves.

It is not an exercise that should be proposed too often, for it is enormously demanding of the time of high paid minds. But once in a quarter of a century it is probably justified. Certainly this is the view of a surprising number of those who became involved, who had started by thinking that it was a chore and a bore.

In the advance publicity and press, less about the report, more perhaps inevitably, has been made of the divisions within the committee on the question of whether new institutions are required to channel savings into productive real investment.

There is certainly no question that it is a good thing if a committee such as Wilson can reach unanimous conclusions. The dangers of a committee splintering into warring factions was firmly before the Wilson committee, as it began to work. For it had before it the immediate example of the Bullock commission on industrial democracy.

We all know that splits make a good story, but in the context of a committee such as Wilson, the conventional pressure for unanimity on all things seemed from the start to be inappropriate. For a start, the committee, which with 18 members was certainly too large for intimate debate, was deliberately constituted to achieve a balance right across the spectrum of those who might be interested in the subject matter.

To an unusual extent members of the committee felt that they were representing "national interests"—clearing banks, merchant banks, insurance companies, trade unions, small business. In addition, individuals were invited to join the committee who were known in advance to have diametrically opposed views on issues of economic policy, such as the effect of monetary targets and the public sector borrowing requirement on the financial system.

What reasonable men and women disagree on the causes fell into two categories. The first is disagreement about the result of misunderstanding, or lack of information. These can be resolved by debate.

The second is disagreements which result from genuine differences of opinion. A diverse committee is faced on issues in this second category with the choice of either setting the question aside in the interests of conventional unanimity, or setting out the arguments from all sides as objectively as possible in order that third parties can make up their own minds on the merits of the argument.

The second course seemed to be more open and interesting and it was a procedure that the committee adopted at a number of points, notably over monetary policy and over the question of the RUC's proposed new lending facility or institution.

Of all the changes that have taken place below the surface during the time that the Wilson committee was sitting, two perhaps deserve more emphasis. The first is that, whereas the proximate political reason for setting up the committee in the first place was to handle pressure within the Labour Party for the nationalisation of banks and insurance companies, as a result of Wilson that now seems to be a dead issue.

Certainly the fact that the two union general elections who would have been most closely involved, Mr. Clegg and Mr. Leif Mills, were on the committee and supported the recommendation against such nationalisation must be significant.

Secondly, as a direct consequence of the Wilson exercise, City institutions have come much more directly out from behind the skirts of the Bank of England in order to explain, promote and defend themselves in public.

Symbolically, for example, the clearing banks put in their evidence to Wilson without clearing it with the Bank of England in advance. Before Wilson such independence would have been unlikely. When they were asked into the Bank to talk about their evidence, it was told that they were not taken to task, for example, for picking a public debate with the building societies over their fiscal advantages, but merely told to stop complaining, or that the Bank might feel forced to publicise the details of the banks' lending that had led to the invention of the corset in the first place.

In general, however, the various institutions in the City have learned during the Wilson years to speak up in public for themselves. That in itself must be a positive development for them.

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FINANCIAL NEWS

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disputes, principal strike, played a part in keeping the Ren-pretax profit per share for the year to 29p to £1.60, only 10p more than the year before. For the first time, the group had net current asset of £150,000, up from £55.4m to the group's interest of 35.4 per cent in 1979. The group's net profit was £229,000, or 10p per share, and the dividend 6.7 per cent to 5p.

overing and steel the freight division it made a £590,000 loss, against a year before, and a further loss in the year. It is breaking even much reduced loss for the full-year. The group's net income will come from the standing of the group's interest of 35.4 per cent in 1979. The group's net profit was £229,000, or 10p per share, and the dividend 6.7 per cent to 5p.

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Beutley, former chairman of the company, said that the company's performance in 1979 was "a very good one". He said that the company's net profit was £229,000, or 10p per share, and the dividend 6.7 per cent to 5p. He also said that the company's net income will come from the standing of the group's interest of 35.4 per cent in 1979. The group's net profit was £229,000, or 10p per share, and the dividend 6.7 per cent to 5p.

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Company	Price	Change	Dividend	Yield	P/E
Airsprung Group	83	-2	6.7	10.6	+3.7
Armstrong & Rhodes	30	+2	3.8	12.7	+2.0
Bardon Hill	282	-	13.8	4.9	+8.3
County Carr Pref	78	-	15.3	19.6	-
Deborah Ord	92	-	5.0	5.4	10.1
Frank Horsell	117	-	7.9	6.7	7.3
Frederick Parker	90	-	12.8	14.3	+4.1
George Blair	101	+1	16.1	16.3	-
Jackson Group	80	-	5.0	7.5	+3.0
James Burrough	112	-	7.9	7.1	9.1
Robert Jenkins	300	-	31.3	10.4	+9.6
Torday Limited	220	-	15.1	6.9	+3.7
Twinlock Ord	151	-	-	-	-
Twinlock 12% ULS	76	-	12.0	15.8	9.8
Unilock Holdings New	46	-	1.4	4.6	6.3
Walter Alexander	217	+1	12.1	5.6	+3.5
Unilock Holdings	48	-	2.6	5.6	10.2

A. J. H. Nightingale & Co. Limited
Lane London EC3R 8EB Telephone 01-621 1212
The Over-the-Counter Market

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prepared under provision of SSAP15.

Australian bank merger agreed

Wardley Australia and Inter-Marine Australia have agreed to merge their merchant banking operations, the companies said yesterday.

Wardley Australia is a subsidiary of Wardley Australia (Holdings), which is owned by the Hongkong and Shanghai Banking Corporation through its merchant banking subsidiary in Hongkong, Wardley Ltd. Inter-Marine Australia is jointly owned by Marine Midland Bank, which has a 75 per cent

share, and by Tokai Bank. Marine Midland Bank is a wholly-owned subsidiary of Marine Midland Bank Inc of Buffalo, New York, in which the Hongkong and Shanghai Banking Corporation has a 41 per cent shareholding.

Wardley Australia's chief executive, Mr Michael Bate, said that under agreements signed this week, his company would acquire from Marine Midland and Tokai Banks all of the issued share capital of Inter-Marine Australia.

Marine Midland and Tokai in turn would acquire shareholdings of 20 per cent and 13 per cent respectively in Wardley Australia from Wardley Australia Holdings, which will continue to own the balance (67 per cent) of the issued share capital.

The company said that favourable factors during the fourth quarter were foreign currency gains of £4.9m and a 55m tax recovery relating to the United Kingdom-United States tax treaty.

Heinz attributed the drop in fourth quarter profits to the British steel strike, cost increases, a rise in advertising expenditure, higher interest costs and a net charge of £6.7m for a loss on investments and facility write-offs.

The company said that favourable factors during the fourth quarter were foreign currency gains of £4.9m and a 55m tax recovery relating to the United Kingdom-United States tax treaty.

Heinz reported net profits for the fourth quarter of £1.72 a share against £2.04 for the similar period last year. Net profits fell to £3.2m from £46.4m on sales of £854.2m against £748.2m.

For the year, net profits were £142.8m or £6.24 a share, compared with £110.4m or £4.80 a share the year before.

International

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Embargo denial

The United States Government's decision to allow multinational grain companies to sell third country grain to the Soviet Union did not represent a change in American embargo policy, Mr Dale Hathaway, undersecretary of the United States department of agriculture said.

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Chubb holds

dividend despite fall in profits

Heavy losses from the new line of cash registers helped to depress pretax profits for the year to the end of March at Chubb, the security, fire protection and electronics company, by more than 58m to £7.22m. But the dividend is maintained at 7.5p gross, after a final payment of 4.97p.

Losses in France and disappointing results from Chubb Fire UK, where pretax profits fell by about £2m, left operating profits before the cash register loss 54m lower at £15.2m. Mr William Randall, group deputy chairman and chief executive, said that trading conditions had grown more difficult during the year.

The real problem came with the increase in cash register losses from £1.45m to £4.69m. Technical delays caused by redesigning the equipment to use two 32K electronic chips rather than a single 64K one meant that sales began in February instead of September.

Market share in the meantime fell from 22 per cent, to less than 10 per cent, and is not expected to recover. About 180 machines a month are being sold against the planned 250.

The cost of delaying production and switching technology cost approximately £2m. But the mounting sales losses and slowness of the market have persuaded Chubb to include in the results an extraordinary item of £7.66m, most of which is the estimated cost of closing production. For the moment, however, some 200 workers at the company's Brighton factory are to be laid off in an attempt to slash the losses.

While the fire and electronics divisions have suffered a bad year, Mr Randall said that the physical security division had performed satisfactorily. Sales and profits are the products for which Chubb is most famous, and the company is moving strongly into electronics there as well.

Interest charges rose from £2.49m to £3.46m. Part of the increase came from higher rates, but there was an extra demand for working capital, mainly to finance stocks.

Nevertheless, the fall in profit led to group profits after tax of £3.59m, down £7.27m from the previous year. Earnings per share consequently collapsed from 18.38p to 4.94p. The stock market took these figures in its stride, however, and the shares closed unchanged at 93p.

He said that current levels of interest rates, which cost the group an extra £2.5m last year, will make new investment of £200m, planned between 1979 and 1981, "harder to achieve."

Bamfords to continue trading

The High Court yesterday gave permission for the collapsed agricultural machine makers Bamfords to continue to trade.

Joint liquidators Mr Stephen Adamson and Mr Christopher Chambers said in a statement that the court had validated the "hiving-down" agreement, made on May 29, which transferred most of Bamfords' assets to a new subsidiary, Forlink.

The agreement was legally void at that time because of an existing petition lodged with the High Court by Gardiner & Theobald to have the company compulsorily wound up.

However, after the shareholders' and creditors' meeting last week, Gardiner did not seek to oppose the application for Bamfords to trade. The joint liquidators said that Forlink would now change its name to Bamfords (1980) Ltd and would continue to trade until a buyer could be found. It is understood they have already had some inquiries.

Meanwhile, the Stock Exchange has acknowledged a shareholders' letter asking it to look into the share dealings of Bamfords, whose quote was suspended on May 22 at 19p.

Higher interest charges and increased borrowing have depressed the results of Cattle's Holdings for the year to March 31. Taxable profits were £974,000 against £1.39m on turnover of £64m against £44.3m. The group is streamlining its operations and the board hopes that reorganisation costs will be a continuing feature this year.

As a measure of its confidence in long-term prospects, the board has maintained its dividend at 2.1p.

Demand falls at Brickhouse Dudley

On the back of a rise in turnover from £24.4m to £28.8m Brickhouse Dudley made a net profit of £148,300 against £136,100 for the year to March 31. The dividend is being raised from 3.94p to 4.57p gross. The board says that the first quarter's trading has shown a fall in United Kingdom demand for the group's traditional product range. Present indications are that this trend is likely to continue with an inevitable increase in competition and pressure on margins.

Moran Group hit by dollar earnings

The major part of earnings at Christopher Moran Group are in dollars and the continued depreciation of that currency has had its effect on profits for the year to January 31. On

Mercantile House

makes over £3m

Taxable profits of Mercantile House Holdings rose from £2.6m to £3.5m in the year to April 30. This was achieved on turnover of £20.8m against £16.2m. The dividend is raised from 15.3p to 17.5p gross. Earnings a share were 29.18p against 23.67p.

The board says that a circular containing details of proposed acquisitions will be posted shortly.

Jefferson Smurfit acquisition

Jefferson Smurfit is purchasing Mellenham Corrugated Containers from Associated Paper Industries and certain other assets associated with Mellenham, for about £1.3m in cash. This consideration will represent the net asset value of Mellenham plus £200,000. Mellenham is a corrugated case maker located in Willesden, London. Its sales for the year to September 30 were £3.7m, and pretax profits were of £180,000.

Associated Paper will use the proceeds of the sale initially to reduce group indebtedness, and to expand in those areas in which its expertise and resources offer the best prospects.

Hicking Pentecost ship in full year

Profits dipped from £594,000 to £744,000 before tax at Hicking Pentecost on turnover for the year to March 31 of £11.69m against £10.67m. Earnings a share were 27.98p against 29.34p and the dividend, 12.8p against 12.28p gross. The board says that, overall, the level of demand at the start of the current year has been significantly lower, but the usual improvement in demand for the autumn season is becoming evident.

Irish Distillers down to £4.9m

Increasing pressure on home margins and the lack of export growth is reflected in a fall in pretax profits at Irish Distillers Group from £5.07m to £4.96m for the half year to March 31. Turnover was £54.1m against £45.6m. Earnings a share shrunk from 10.51p to 10.19p but the dividend is held at 0.88p gross. The group has been affected by the rise in duty of 43 per cent, while importers are trim-

No Cocksedge payout after loss

A pre-tax profit of £326,000 was turned into a loss of £748,000 at Cocksedge Holdings in the year to March 31 on turnover of £3.28m against £4.13m. There is no dividend against 6.9p gross.

The loss was greater than anticipated, as the group suffered a shortage of suitable work, low productivity and impact of steel and engineering strikes.

No great improvement in trading is reported for the current year, but it is hoped that the large losses of certain contracts last year and the strikes will not be repeated.

Gold price boosts Rhodesian Corp

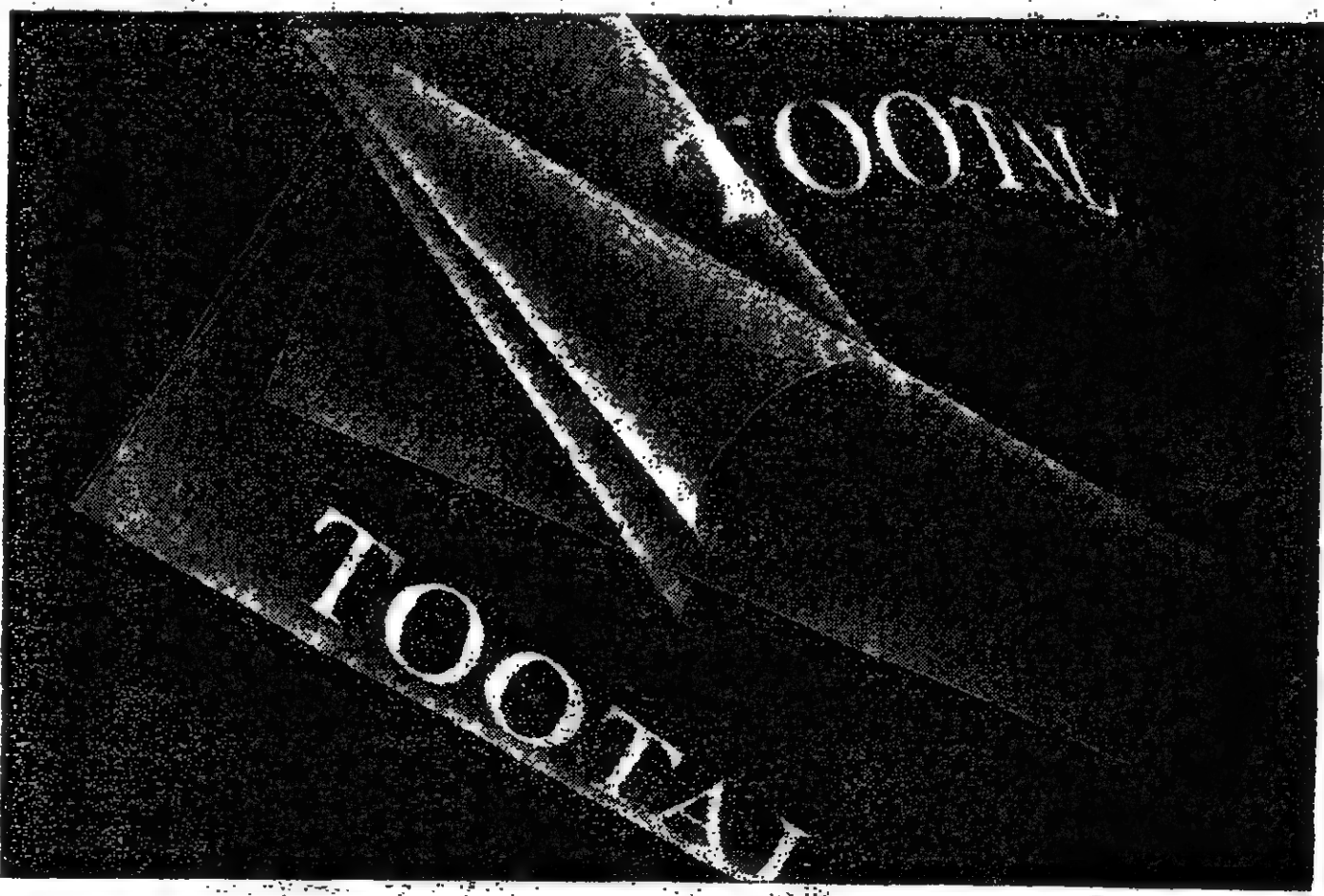
Taxable profits at Rhodesian Corporation for the half year to March 31 were £992,000 against £204,000, after adding an adjustment on the conversion at currency of £24,000, against a deduction of £77,000 a year ago. The board is considering a change of name for the group. The increased profit comes from higher dividends by Falcon Mines and Olympus Consolidated Mines, following the rise in the gold price.

James H. Dennis makes a loss

The James H. Dennis engineering group made a loss of £5,000 for the year to March 31 compared with a pretax profit of £1.8 for seven months. Turnover was £3.15m against £1.8m. The loss per share was 0.36p against earnings of 4.83p. The dividend is 3.14p gross against 3p. The dividend takes account of measures taken to strengthen the group. The board is satisfied that the group will remain profitable.

Silentsnight in tough trading year

The annual meeting at Silentsnight Holdings heard that the furniture industry is experiencing the worst trading conditions for a very long time, and the group cannot remain unaffected by the national trend. Despite aggressive selling tactics and cost cutting exercises, the group's trading profits for the first half year will be substantially down on the previous year.



part of the fabric of life

In a year when many factors combined to create the weakest market for UK manufactured textile products in recent years, it is not too surprising that the outcome for the year has been very disappointing. However, the Group has recognised the need for restructuring and the past year has been dominated by changes designed to strengthen our UK base and continue our international growth. We believe that an improvement in trading conditions should start to show through at the end of 1980 and Tootal is now in a strong position to take full advantage.

SYLKO * STAR * TOOTAL * CONDURA * LUTON * OSMAN
STIEBEL * EASIFIT * BRADGATE * RAEI-BROOK * STABILITY
PYRAMID * MACBEAN * TRUTEX * RAYSIL * SLIMMA

results for the year ended 31 January 1980	1980	1979
sales	£390.4m	£401.4m
profit before taxation	£14.6m	£21.1m
earnings on ordinary share capital	£9.2m	£14.4m
earnings per ordinary share	5.2p	7.6p
dividends per ordinary share	3.1415p	3.0415p

If you would like a copy of the 1980 Report & Accounts please write to the Secretary, Tootal Limited, 56 Oxford Street, Manchester M60 1HJ.

TOOTAL

Wall Street

17. I call, Sir: now
proceed to your next
point, Sir.

OLD futures were:	NY COMEX, June,
50.00	Sept. 50.00
50.25	Oct. 50.25
50.50	Nov. 50.50
50.75	Dec. 50.75
51.00	Jan. 51.00
51.25	Feb. 51.25
51.50	Mar. 51.50
51.75	Apr. 51.75
52.00	May 52.00
52.25	June 52.25
52.50	July 52.50
52.75	Aug. 52.75
53.00	Sept. 53.00
53.25	Oct. 53.25
53.50	Nov. 53.50
53.75	Dec. 53.75
54.00	Jan. 54.00
54.25	Feb. 54.25
54.50	Mar. 54.50
54.75	Apr. 54.75
55.00	May 55.00
55.25	June 55.25
55.50	July 55.50
55.75	Aug. 55.75
56.00	Sept. 56.00
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68.75	Dec. 68.75
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69.25	Feb. 69.25
69.50	Mar. 69.50
69.75	Apr. 69.75
70.00	May 70.00
70.25	June 70.25
70.50	July 70.50
70.75	Aug. 70.75
71.00	Sept. 71.00
71.25	Oct. 71.25
71.50	Nov. 71.50
71.75	Dec. 71.75
72.00	Jan. 72.00
72.25	Feb. 72.25
72.50	Mar. 72.50
72.75	Apr. 72.75
73.00	May 73.00
73.25	June 73.25
73.50	July 73.50
73.75	Aug. 73.75
74.00	Sept. 74.00
74.25	Oct. 74.25
74.50	Nov. 74.50
74.75	Dec. 74.75
75.00	Jan. 75.00
75.25	Feb. 75.25
75.50	Mar. 75.50
75.75	Apr. 75.75
76.00	May 76.00
76.25	June 76.25
76.50	July 76.50
76.75	Aug. 76.75
77.00	Sept. 77.00
77.25	Oct. 77.25
77.50	Nov. 77.50
77.75	Dec. 77.75
78.00	Jan. 78.00
78.25	Feb. 78.25
78.50	Mar. 78.50
78.75	Apr. 78.75
79.00	May 79.00
79.25	June 79.25
79.50	July 79.50
79.75	Aug. 79.75
80.00	Sept. 80.00
80.25	Oct. 80.25
80.50	Nov. 80.50
80.75	Dec. 80.75
81.00	Jan. 81.00
81.25	Feb. 81.25
81.50	Mar. 81.50
81.75	Apr. 81.75

[illegible][illegible]

Authorized Units, Insurance & Offshore Funds

[illegible]

placed and
with the
true and
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0 p.m.
Biddle,
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